

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Bloomberg BNA  
**Sent:** Tue 8/29/2017 8:05:33 PM  
**Subject:** Aug. 29 -- Daily Environment Report - Afternoon Briefing



## **Daily Environment Report**

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

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night. The Bloomberg BNA Daily Environment Report is brought to you by EPA Libraries. Please note, these materials may be copyrighted and should not be forwarded outside of the U.S. EPA. If you have any questions or no longer wish to receive these messages, please contact Josue Rivera-Olds at [rivera-olds.josue@epa.gov](mailto:rivera-olds.josue@epa.gov), 202-566-1558.

### **Hurricane Harvey Challenges Response to Energy Facility Incidents**

*Posted August 29, 2017, 03:13 P.M. ET*

*By [Nushin Huq](#)*

A 14-inch pipeline in La Porte, Texas, spewed a toxic gas for several hours, the latest in several energy infrastructure incidents challenging regulators as Hurricane Harvey continues to dump feet of rain on the state.

Some parts of the state have received over 50 inches of rain, and water being released from reservoirs and levees to relieve the pressure building behind them only compounds the problem of monitoring and responding to leaks and other incidents.

The National Response Center, operated by the U.S. Coast Guard, received more than 30 calls for spilled gasoline, crude oil, petroleum, and the release of contaminants from flare stacks in areas affected by Hurricane Harvey.

According to the response center's records, a caller reported natural gas leaking from a transmission pipeline on Aug. 26 in Ingleside, along the Texas coast. The Pipeline and Hazardous Materials Safety Administration is investigating the issue.

#### **Potential for Environmental Damages**

State and federal regulators have their hands full responding to incidents at energy facilities during the monster storm. They not only will have to contend with the possibility of billions of dollars in infrastructure damage, but potential environmental damages as well.

It still has not been determined what caused anhydrous hydrogen chloride to leak Aug. 28 from the pipeline owned by Williams Field Services Gulf Coast, Andrea Morrow, Texas Commission of Environmental Quality, told Bloomberg BNA. The gas mixed with moisture in the air to produce hydrochloric acid, a corrosive that can damage respiratory organs, eyes, skin, and intestines. The pipeline was depressurized and the leak ended after a couple of hours, around 7 p.m.

Two other hurricane-related incidents were reported Aug. 26 and 27.

In the first, Kinder Morgan notified the railroad commission oversight and safety division that a tank at the Kinder Morgan Pasadena Terminal had tilted due to the large volume of rain from Hurricane Harvey, Ramona Nye, spokeswoman for the Texas Railroad Commission, told Bloomberg BNA.

The tilting resulted in the release of an unknown amount of gasoline into a containment dike surrounding the dike. Kinder Morgan reported that fire retardant foam had been placed over the exposed liquid contained in the dike, and Kinder Morgan was emptying the liquid from the tank and containment dike.

A day later, the Houston office of the railroad commission, the state's energy and gas regulator, was notified of a fire in Jefferson County and dispatched an inspector, Nye said. Initial reports indicated a lightning strike on a fiberglass storage tank with resulting fire burning two tanks, releasing fluids into the firewall. An estimated five barrels of crude oil and 20 barrels of produced water was released, but contained within the firewall. Vacuum trucks were brought in to pick up released fluids. The operator was reported as Karbuhn Oil Company.

Texas is home to one of the largest concentrations of energy infrastructure and production in the country. The state has 5.6 million barrels per day of petroleum refining capacity, much of that along the coast. There are no levees or barrier islands protecting that infrastructure from hurricane storm surge.

#### **Monitoring for Incidents**

The Texas Commission of Environmental Quality has been monitoring facilities that have reported spills and providing technical guidance to wastewater facilities in flood-impacted areas, Andrew Keese, TCEQ spokesman, told Bloomberg BNA. High water can also pose a risk to energy infrastructure and state regulators are watching for leaks and other incidents.

Currently, the TCEQ and other state agencies are giving priority to protecting and preventing imminent threats to public health. Once flood waters have receded, and it is safe to enter flooded areas, debris removal activities will commence.

"The TCEQ is aware that spills occur during flooding events, and the appropriate primary agency will monitor and work with the responsible party, if known, to take appropriate actions as conditions allow," Keese said. "Throughout the flooding event, the TCEQ remains in constant contact with state partners in spill response."

Oil, gas and pipelines inspectors at Texas Railroad Commission are on call to respond to reported spills or other incidents as soon as it is safe to do so, Nye, the spokeswoman, said.

The commission has jurisdiction over intrastate pipelines, and the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) oversees pipelines that cross state boundaries.

The U.S. Chemical Safety and Hazard Investigation Board is urging oil refineries and chemical plants to follow safety precautions when restarting operations. The board notes that floodwater may leak into tanks or become trapped in insulation, while debris can damage electric motors and block sewers.

The Pipeline and Hazardous Materials Safety Administration is working with pipeline operators to get a better view of their facilities, agency spokesperson Darius Kirkwood said.

“Operators have already contracted staff capable of inspecting critical infrastructure after the storm and they are preparing for aerial inspection of pipeline right-of-ways when it is safe to do so,” he told Bloomberg BNA.

Harvey has been downgraded to a tropical storm and is currently hovering over the Gulf of Mexico. It will move east and hit Louisiana on Aug. 30, the National Weather Service predicted.

—With assistance from Sylvia Carignan

## **Harvey’s Water Effects | Disaster Aid Surges | Pruitt Audited**

*Posted August 29, 2017, 7:00 A.M. ET*

By [Sylvia Carignan](#)

One giant concern for Texans living and working in Harvey’s path: water contamination.

Though the EPA is prioritizing search and rescue efforts for those in immediate danger, the agency will soon take floodwater samples and work with wastewater treatment plants to get them up and running after the storm.

Each response team and company operating in the affected area is dealing with limited transportation options: ports are shut down and trucks and trains can’t get through.

In addition, once the floodwaters recede, project managers will assess every Superfund site in the hurricane-affected area for damage, David Gray, acting deputy regional administrator for the EPA’s south central region, told Bloomberg BNA.

### **Trump Promises Disaster Aid**

Nearly half a million Texans are expected to apply for disaster aid in the aftermath of the hurricane.

President Donald Trump, speaking Monday at a joint press conference with Finnish president Sauli Niinisto, said he expects to see “rapid action” from Congress in response to the storm.

“You’re going to get your funding,” Trump said. “It’s a terrible tragedy.”

Vice President Mike Pence sought to tamp down worries that Congress might be slow to reach for its wallet, telling Houston-based radio station KHOU Monday he’s “very confident” that Congress “is going to be there to provide the resources necessary” to get the state back on its feet.

### **Pruitt’s Travel Audited**

EPA Administrator Scott Pruitt and his travel budget now face scrutiny from a new source—the agency’s inspector general. The independent office wants to look at the frequency and cost of his trips, including his flights home to Oklahoma.

Three Democratic members of the U.S. House Energy and Commerce Committee called for the review.

EPA spokeswoman Amy Graham defended Pruitt's travel schedule in a statement to Bloomberg BNA.

The administrator is traveling to "hear directly from the people impacted by EPA's regulations outside of the Washington bubble," Graham said. "This is nothing more than a distraction from the administrator's significant environmental accomplishments."

#### **What Else?**

- Secretary of State Rex Tillerson wants to eliminate several special envoy positions, including one for climate change.
- EPA's schedule for deciding whether areas are meeting federal sulfur dioxide air quality standards will remain unchanged following a court ruling Monday.
- Shell is ignoring the effects of climate change and endangering communities near its Providence River terminal, according to a lawsuit filed by the Conservation Law Foundation.
- China is creating the world's largest power company with a merger of giants: Shenhua Group Corp., the country's top coal miner, and China Guodian Corp., one of its largest power generators.

#### **Today's Events**

10:00 a.m. | EPA Science Advisory Board | Advisory panel discusses costs and benefits of environmental regulations

11:30 a.m. | Rep. Bobby Scott (D-Va.) will tour a manufacturing plant that modified its operations to avoid higher regulatory costs under a pending OSHA rule on beryllium exposure

1 p.m. | EPA webinar | Reducing plastic pollution with replacement products

#### **From Our Inbox**

- EPA is seeking comments on nominees for the Clean Air Scientific Advisory Committee, which offers the agency scientific advice on national standards for ozone and other pollutants.
- EPA is offering grants to promote environmental health for children living along the U.S.-Mexico border.
- EPA's Inspector General: The agency needs to keep a closer eye on employees' requests to use paid time off from the agency's leave bank program.

#### **All About: Biofuel Blending Exemptions**

The oil industry is cheering on the Trump administration's regulatory rollback. But in at least one policy area, the industry is preparing for internal conflict.

Nearly all refineries complain about the financial and logistical costs tied to the EPA's Renewable Fuel Standard. However, a recent court decision and new congressional instructions are paving the way for more biofuel blending exemptions for small oil refineries.

If that happens, larger refiners would see increased obligations under the RFS program. That's because exemptions don't affect the aggregate blending requirements that EPA sets for the industry each year.

"The exemptions take that obligated volume out of the stream, and you can't wave a magic wand and take that biofuel out of the total requirement," Haynes and Boone LLP attorney Suzanne Murray told Bloomberg BNA. "Maybe with a couple of guys on the margins, it's OK, but when you start getting more and more folks, sooner or later it adds up to real volume."

#### **Around the Web**

NYT | How did [Hurricane Harvey](#) become so destructive?

AP | A [chemical haze](#) on the English coast left breathing problems and sore throats in its wake.

Minneapolis Star Tribune | Minnesota is [fighting pollution](#) in its lakes with billions of dollars invested in cleanup.

#### **Shell Sued by Group Alleging Climate Change Risk Ignored**

*Posted August 29, 2017, 03:16 P.M. ET*

*By [Adrienne Appel](#)*

Shell Oil is the second target of an environmental organization that is suing oil and gas companies for allegedly not preparing for climate change impacts at their New England coastal terminals.

Shell Oil Products has not fortified its Providence, R.I., terminal against expected sea level rise and storms due to climate change, a violation of the federal Clean Water Act, the Conservation Law Foundation alleges in a [complaint](#) filed in federal district court in Rhode Island Aug. 28 ([Conservation Law Foundation Inc. v. Shell Oil Products](#), R.I. Dist. Ct., No. 17-cv-00396, Complaint 8/28/17).

Storm damage could cause the terminal to release pollutants that would endanger the Providence River, Providence Harbor, and Narragansett Bay, the group says. Other ports and terminals in New England owned and operated by major petroleum companies also are at risk from climate change, and CLF plans to file suits against some of them, Bradley Campbell, CLF president, told Bloomberg BNA Aug. 29 in an interview.

The Conservation Law Foundation filed a similar lawsuit in 2016 against Exxon Mobil Corp., charging that its Everett terminal facility, which sits on the Mystic River that empties into Boston Harbor, is not prepared to withstand climate change. Exxon is seeking dismissal of the suit. The federal court will hear the Exxon suit Sept. 16.

"Facilities handling oil and hazardous substances have an obligation under the CWA and other laws to take every reasonable measure to avoid an unintended spill," Campbell said in an interview. "Shell has done nothing to prepare this very vulnerable facility to climate change," he said in a statement.

Shell, a wholly owned subsidiary of Royal Dutch Shell PLC, did not respond to requests for

comment by Bloomberg BNA Aug. 28 and 29. It has 60 days to respond to the complaint. The American Petroleum Institute also did not respond to a request for comment by Bloomberg BNA Aug. 29.

### **Storm Surges**

The CLF's complaint alleges that Shell recognizes the risk posed by climate change to its 75-acre, 25-tank Providence terminal, which sits on the Providence River at the head of Narragansett Bay.

The terminal would be partly or completely inundated with water by storms ranging from category 1 to category 4, the complaint alleges. Shell needs to protect the facility's tanks from collapsing in a storm and to determine what else at the terminal, from pipes to pilings, needs to be protected, it says.

The CLF also alleges that the Shell facility regularly discharges pollution into Narragansett Bay due to a failure to manage storm water, another violation of the Clean Water Act.

Narragansett Bay, at 147 square miles, is New England's largest estuary that was badly polluted before a 10-year effort to clear it of storm water discharges improved it significantly, CLF says.

The foundation is seeking injunctive relief, or a court order to stop the alleged violations of the Clean Water Act, and civil penalties, attorneys' fees and environmental restoration.

The lawsuit was filed by CLF attorneys Amy Moses, Christopher Kilian and Heather Murray, with Allan Kanner of Kanner & Whiteley LLC in New Orleans. Kanner also is participating in the Exxon suit. Kanner represented plaintiffs against BP following its Deepwater Horizon spill.

### **Duke's Florida Plan Builds More Solar, Scraps Nuke Project**

*Posted August 29, 2017, 03:12 P.M. ET*

*By [Chris Marr](#)*

Duke Energy could add 700 megawatts of solar power to Florida's grid by 2021 and stop billing customers for a halted nuclear project under a [plan](#) filed with state utility regulators Aug. 29.

The company's plan, if approved by the Florida Public Service Commission, would settle disputes with a range of clean energy and business groups on such issues as the rates it charges customers for electricity and its continued customer billing to cover costs for a halted nuclear project in Levy County.

The plan calls for capital investments of \$6 billion over four years, and Duke would stop billing customers for the costs of the Levy project. The company said when announcing the settlement agreement it would no longer move forward with the Levy project.

The Southern Alliance for Clean Energy applauds the plan for embracing "smart technologies that are both good for consumers and the environment," Stephen A. Smith, executive director for the alliance, said in a written statement today. Several other groups also indicated their support for the plan, which would take effect in January 2018, if approved.

The company's plan would let Duke build up to 50 megawatts of large-scale battery storage and

install 500 electric-vehicle charging stations in the state. And it would call for Duke to collect data on customer-owned solar usage and related rate structures.

Harry Sideris, state president for Duke Energy in Florida, said in a statement the settlement would let the company make “smart investments that will offer customers more information, choices and control of their energy needs while also providing greater reliability.”

The settlement would give Duke initial authority to plan for up to 700 megawatts of new solar power generation. The company still would have to file specific projects to the commission for approval on rate increases to pay for construction. The agreement would take effect in January 2018, pending commission approval.

The company provided specifics on about a 10th of its solar power plans. It expects to start construction in early 2018 on a 75-megawatts solar power plant in Hamilton County, Fla., the company’s sixth solar power plant in the state, it said.

The proposed settlement has support from the Florida Industrial Power Users Group, the Florida Retail Federation, White Springs Agricultural Chemicals Inc., and Florida’s Office of Public Counsel, which represents the public’s interests in PSC proceedings.

### **Air Pollution Economic Impact Model Lacks Clarity: EPA Advisers**

*Posted August 29, 2017, 03:48 P.M. ET*

By [Sylvia Carignan](#)

The EPA’s model for evaluating the broad economic costs and benefits of air pollution regulations isn’t clear enough to help the general public, members of the agency’s Science Advisory Board said Aug. 29.

The analysis is intended to help utilities, industries, and the Environmental Protection Agency’s policymakers determine the effects of federal regulations on factors like energy prices and employment. A recent court decision in [Murray Energy Corp. v. EPA](#) gave the agency latitude to carry out cost-benefit reviews as it and its advisers deem appropriate.

Members of the science board, who met Aug. 29 to discuss their [draft report](#) on EPA’s draft economy-wide model, sought clarifications and transparency on the model’s shortcomings.

“These models are very intricate, very complex—a lot of moving parts—and in some cases those are grounded in careful econometric estimates,” said Robert Johnston, a board member and economics professor at Clark University. “But in many cases, we don’t have the data, and these models are based on long-maintained assumptions.”

A Science Advisory Board sub-panel formed to create the report will make revisions and send the report to Administrator Scott Pruitt once the panel’s chair, Peter Wilcoxon, has signed off.

“This is a tremendously costly endeavor, and that’s why we haven’t done it already,” Wilcoxon, an environment and international policy professor at Syracuse University, said.

Members of the chartered Science Advisory Board include consultants, researchers and analysts at U.S. universities, environmental advocacy groups, Dow Chemical, Procter & Gamble, and

ExxonMobil.

## **Fewer Brazilian Renewable Projects Returned in Reverse Auction**

*Posted August 29, 2017, 8:25 A.M. ET*

*By Vanessa Dezem*

Fewer renewable energy developers took up the Brazilian government's offer to bid for the right to cancel licenses for new power plants in a so-called reverse auction.

Energy companies who took part paid the government to get out of contracts to build 557.36 megawatts of renewable power plants, out of almost 5 gigawatts of projects that were registered to participate in the event.

About 307.7 megawatts of contracts were canceled by wind developers, while solar companies canceled 249.6 megawatts, according to information posted on the website of Electric Energy Trading Board, known as CCEE. No hydropower project was canceled.

The so-called reverse auction offered relief for developers contracted to deliver electricity from stalled clean-power projects and for a government that's seeking to swell its coffers. A deep recession and exchange rate volatility have made it tough for companies to line up financing. Given slowing demand for electricity, the extra capacity wasn't needed.

"We expected a bigger auction," said Thais Prandini, director at the Thymos Energia consultancy in Sao Paulo. "In an ideal world, developers in a difficult situation would be able to return projects, but the government tightened the penalty and many companies gave up."

Brazil's government will pocket 105.9 million reais (\$33.4 million) from the reverse auction, according to the website. Bloomberg New Energy Finance had estimated the government would be able to cancel 1.4 gigawatts of wind and solar projects. Thymos had estimated more than 2 gigawatts of hydroelectric, solar and wind power projects would be canceled.

In a reverse auction, developers bid the amount of the fine they're willing to pay to cancel their contracts. Companies bid with an initial premium of 33.68 reais per megawatt-hour for each contract they wanted to cancel. The average premium of the auction was 66.02 reais per megawatt-hour.

Wind power got the highest average bid of 72.74 reais per megawatt-hour, while solar got 50.27 reais per megawatt-hour.

After cancelling contracts, winners will be unable to participate in the two next power auctions.

"It was a competitive tender," said Ana Karina Souza, partner of infrastructure at Machado Meyer in Sao Paulo. "Many people that registered are now interested in keep building their projects. And looking at the bright side, the government has discovered a new mechanism to balance the power sector."

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## **Argentina OKs Hydroelectric Dams, Halts Nuclear Plan in Patagonia**

*Posted August 29, 2017, 03:15 P.M. ET*

*By David Haskel*

Argentina gave the final go-ahead to build two hydroelectric dams in southern Patagonia, as a province in that area said it was dropping plans to build a nuclear power plant due to community resistance.

First announced in 2015, the dams were put on hold by President Mauricio Macri soon after he took office in December after complaints about their potential threat to glaciers, wildlife, and other environmental assets in a region that prides itself of its pristine natural resources.

After a government review, construction plans were downsized to a total 1,310 megawatts output—representing 5 percent of the current electricity demand in Argentina—from the original 1,740 megawatts, and they were sited away from a lake to help preserve the area.

The Energy Ministry and the Environment Ministry announced final approval Aug. 28 in Joint Resolution No. 3-E/2017 published in the official gazette, which said the government had taken into account environmental concerns.

But Rio Santa Cruz Sin Represas, a coalition of groups opposed to the dams, claimed the environmental impact assessment for the dams was incomplete.

Both hydroelectric dams in the Santa Cruz province will be financed and built by China's Gezhouba Group, and an Argentine consortium of Electroingenieria S.A. and Hidrocuyo S.A.

#### **Nuclear Plans**

Meanwhile, Rio Negro province Gov. Alberto Weretilneck, who until as recently as May was a staunch supporter of plans to build a nuclear facility in that Patagonian state, said he has changed his mind due to strong resistance to the project, including public hearings, social media campaigns, letters to authorities, and citizen protests.

"I've always said that the nuclear plant would be installed only if there was social acceptance. Evidently, there wasn't any," he said in a video posted on the provincial government website.

The plant was one of two worth a total \$15 billion that Argentina, which has three operating nuclear plants, was planning to build with engineering and financing backing from China National Nuclear Corporation to help with a severe lack of energy stifling economic growth. Location for the other nuclear plant was still under discussion.

#### **Jordan Plans to Boost Renewables Almost Five Times by 2020**

*Posted August 29, 2017, 9:21 A.M. ET*

*By Mohammad Tayseer*

Jordan plans to boost its capacity to produce renewable energy by almost five times in the next three years, with several projects set to be announced in the next few months, according to Abdel Fattah Daradkeh, director general of the country's National Electric Power Co.

New solar and wind projects to be signed in the next few months will help increase the nation's renewable energy capacity to 2,400 megawatts by 2020, from 500 megawatts now, Daradkeh said in an interview Aug. 29 in Amman.

Jordan wants to generate about 20 percent of its electricity from renewables by 2020, Minister of Energy and Mineral Resources Ibrahim Saif said earlier this year. Middle East countries including Saudi Arabia, the United Arab Emirates and Morocco are developing wind and solar power plants to either curb their fuel imports or conserve more valuable oil that could be exported instead of used domestically.

Jordan is also expanding its conventional power capacity, to 4,600 megawatts by 2020 from 3,850 megawatts currently, Daradkeh said. A 470-megawatt power plant that uses oil shale will start construction before the end of the year and be completed in 2020, he said.

Electricity may be exported to Syria and Iraq, and there are plans to connect the grid to Saudi Arabia, he said.

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### **Saudi Arabia Tenders for First Wind Power Plant to Cut Oil Use**

*Posted August 29, 2017, 8:08 A.M. ET*

*By [Dana Khraiche](#)*

Saudi Arabia, the world's biggest exporter of crude oil, is seeking bids for its first utility-scale wind power project as part of the kingdom's plan to wean its economy off oil.

The Renewable Energy Project Development Office, part of the energy ministry, released requests for proposals to build the 400-megawatt plant at Dumat Al Jandal in the kingdom's northwestern Al Jouf region, it said Aug. 29 in an emailed statement. The office has qualified 25 companies for the project, with bidding set to close in January 2018.

The ministry plans to start a second round of renewable energy projects before the end of the year, "keeping us firmly on track to deliver 9.5 gigawatt of renewable energy by 2023," Energy Minister Khalid Al-Falih said in the statement. The nation currently has no wind capacity, according to Bloomberg New Energy Finance.

Saudi Arabia plans to develop 30 solar and wind projects over the next 10 years as part of a \$50 billion program to boost power generation and cut its oil consumption. The country will produce 10 percent of its power from renewable energy by 2023, Al-Falih said in April. The projects are part of a plan to transform the Saudi economy by weaning it off oil and creating new industries.

The government announced plans to offer tenders for renewable energy projects to generate 700 megawatts this year. The country sought bids in April for a 300-megawatt solar project and aims to announce a winner in November.

Qualified potential bidders include General Electric Co., Marubeni Corp., Mitsui & Co., Siemens Project Ventures, Sumitomo Corp., Korean Electric Power Corp., Toyota Tsusho Corp., EDF Energies Nouvelles, Abu Dhabi's Masdar and Saudi Arabia's ACWA Power International.

—With assistance from Jonathan Tirone.

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