

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Morning Energy  
**Sent:** Tue 8/22/2017 2:04:18 PM  
**Subject:** POLITICO's Morning Energy: Electric grid weathers total eclipse of the sun — Big biodiesel ruling expected today — Taking stock of California's climate situation

By Anthony Adragna | 08/22/2017 10:00 AM EDT

*With help from Eric Wolff, Lauren Gardner, Alex Guillén and Esther Whieldon*

**PASSED WITH FLYING COLORS:** Solar panels across a swath of the U.S. went dark Monday as the first domestic total solar eclipse since 1979 transfixed the country, but the electric grid appeared to weather the disruption easily. Applying lessons Europe learned during its own 2015 eclipse, utilities leaned more heavily on alternate supplies to fill in gaps in solar generation. As Pro's Esther Whieldon [reports](#), Eric Schmitt, California ISO's vice president of operations, told reporters about 3,000 megawatts to 3,500 megawatts of solar generation stopped during the eclipse, but hydropower and natural gas power supplies filled in that gap. "We didn't have any major challenges on the system, even minor challenges," he said. "We're very pleased with how smooth it went. All the resources performed the way they were supposed to perform."

**How'd others do?** The PJM Interconnection, the grid operator for more than a dozen Mid-Atlantic and Midwestern states saw a decrease of about 520 megawatts utility scale solar during the eclipse, which is not even a drop in the bucket for the system that has 185,000 megawatts of power on call. Duke Energy estimates it saw a drop of 1,700 megawatts-worth of output from utility-scale solar generation in North Carolina. (The grid's success did not extend to [traffic](#) where [numerous apocalypses](#) were reported after the eclipse passed).

**Cabinet secretaries took a break.** Interior Secretary Ryan Zinke tweeted it was a "[pretty cool view](#)" from his agency's rooftop, while EPA Administrator Scott Pruitt said his staff enjoyed a "[great view](#)" from headquarters. Energy Secretary Rick Perry said the total eclipse "[rocks](#)" and [linked](#) to National Renewable Energy Laboratory staff enjoying the view.

**Away from Washington, senior lawmakers did as well.** Senate EPW Chairman [John Barrasso](#) "[really enjoyed watching the eclipse](#)" from Casper, Wyo. (where the totality lasted more than two-and-a-half minutes). Senate Energy Chairman [Lisa Murkowski](#) was underground in a "[permafrost tunnel](#)" near Fairbanks, Alaska, at peak eclipse, but later [caught a glimpse](#) from visiting Deputy Energy Secretary Dan Brouillette.

**WELCOME TO TUESDAY!** I'm your host Anthony Adragna, and SEIA's Christopher Mansour was first to name Italy as the spot with two other independent countries within its borders (San Marino and Vatican City). For today (in honor of Monday's incredible eclipse): What is the only major U.S. city (more than 500,000 people) that enjoyed more than two minutes of totality? 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](#).

**THE MITCH MCCONNELL CONNECTION:** Anthony Pugliese exited the Department of Transportation to join FERC as its chief of staff, Transportation Pro's Lauren Gardner [scooped](#)

for Pros. He was DOT's senior White House adviser - a role that was intended to help 1600 Pennsylvania Ave. keep tabs on their goings-on. In this case he served next to Cabinet Secretary Elaine Chao, wife of Senate Majority Leader [Mitch McConnell](#), and the two didn't appear to have gotten along. POLITICO reported in May how Pugliese informed Chao that he expected her to check in with him on all policy moves, a declaration that got a chilly reception.

Now Pugliese has a job as the top staffer for newly anointed FERC chairman Neil Chatterjee - for years McConnell's top energy policy aide - despite limited energy experience. The FERC [announcement](#) says Pugliese learned energy matters from his time working for Pennsylvania Gov. Tom Corbett, where he spent a year working for the department of Community and Economic Development, and as a consultant for Pugliese Associates, a Pennsylvania lobbying shop founded by Pugliese's father, Rocco. The company's [website](#) shows that it's energy clients included Tesla Motors, a filling station chain, and an energy efficiency non-profit. Pugliese's lobbying disclosure form for the state of Pennsylvania show his only energy client was Tesla.

**BIODIESEL PRODUCERS CROSSING FINGERS FOR COMMERCE TRADE RULING TODAY:** The Commerce Department is expected to issue a preliminary ruling today on whether to impose a tax on Argentine and Indonesian imports of biodiesel to counter those two countries' subsidies. Biodiesel exporters have been arguing for months that biodiesel feedstocks in Argentina and Indonesia are underwritten by their governments so they can sell into the U.S. market.

**RFS credits in discord:** Today's decision could drive up the biofuel credits that oil refiners use to comply with the Renewable Fuel Standard, because it would potentially shrink supplies and increase the price of biodiesel. Those biodiesel credits can be used for compliance with the ethanol part of the program, too. But Tom Kloza, a founder of the oil tracking service OPIS, says RIN prices have been buffeted by "cross winds" since a [court ruling](#) last week that let some small refiners out of the program. "There's a little uneasiness about this small refinery exemption," he said. Today's "ruling isn't as big as the anti-dumping. It would probably provide an upward lift, but right now you have this downdraft related to small refinery exemption."

**Just the first step in the trade dispute tango:** A victory today for domestic producers would signal what may be a larger victory in October, when Commerce will rule on whether the two countries dumped biodiesel on the U.S. market in an effort to undermine U.S. production. Kloza said that one could potentially rattle biofuel markets. Neither decision will likely be finalized until next year.

**A PRIZE PODCAST:** This week's episode of [Global POLITICO](#) podcast features Dan Yergin, the Pulitzer-winning historian and expert on the geopolitics of energy, as well as Angela Stent, a former U.S. national intelligence officer for Russia, discussing the current "frigid, antagonistic, confrontational" relationship between U.S. and Russia. Yergin also discusses the dissolution of Trump's advisory council of business leaders last week, which he called very much "a comment about what's happening to our politics."

**CALIFORNIA'S CLIMATE PUSH FUELS ECONOMIC GROWTH:** Since the adoption of landmark climate legislation in 2006, California's gross domestic product growth has nearly

doubled what's been seen at the U.S. more broadly, but the rate of the state's emissions reductions have slowed recently due to a spike in transportation-related emissions, according to a [new report](#) out from the nonpartisan group Next 10. "Transportation sector emissions vastly outweigh other carbon-producing areas of California's economy, and the recent spike should alert policy-makers that despite our best efforts, more must be done," Adam Fowler, an economist at Beacon Economics, which prepared the report, said in a statement. Among the other findings: Energy-related carbon dioxide emissions in California were down 12.5 percent in 2016 from their 2006 levels and renewable energy made up 21.9 percent of total electricity generation in the state.

**CHECK OUT THAT HASHTAG:** Zinke's wife Lola raised a few eyebrows around Washington with a [tweet](#) of her and the secretary on a run to the Capitol that included the hashtag #senaterun. ME readers likely remember the Montana congressman was considered a [likely Senate candidate](#) against Democrat [Jon Tester](#) - who's up for reelection next year - prior to being tapped by the Trump administration for the Interior slot.

**MAIL CALL! SCHATZ CRIES FOUL OVER EPA GRANT POLICY:** Hawaii Democratic Sen. [Brian Schatz](#) sent a [letter](#) Monday to EPA's Pruitt urging him to reverse course on a new directive in which a political appointee - John Konkus within the Office of Public Affairs - now will evaluate grant solicitations. "I fail to understand the beneficial role a political appointee, without any meaningful scientific background, could have in the grant review process," Schatz wrote. He added the new policy appeared to be in "direct conflict" with the agency's scientific integrity policy.

**THERE'S A HEARING!** It may be August recess, but the Senate EPW Subcommittee on Superfund, Waste Management and Regulatory Oversight, chaired by [Mike Rounds](#), today holds a field oversight hearing at his former office - the South Dakota state capitol. It'll examine efforts from the Army Corps of Engineers to manage the Missouri River to "make certain the agency is working in an appropriate and responsible manner." More information [here](#).

**DEMOCRATS TOUT ECONOMIC BENEFITS OF MONUMENTS:** Ahead of Interior's Zinke's Thursday deadline to issue recommendations on the fate of nearly two dozen national monuments, the Joint Economic Committee Democrats released a [series of fact sheets](#) highlighting what they say are the substantial economic benefits the sites provide to local communities. "Removing designation in whole or in part from national monuments, as the Trump administration has proposed, would eliminate this economic engine," Sen. [Martin Heinrich](#), the committee's ranking Democrat, said in a statement.

**PUT UP YOUR DUKES:** The nomination of one of their own, former New Jersey Rep. Scott Garrett, to run the Export-Import Bank has emerged as the latest battle in the Republican Party's civil war, POLITICO's Zachary Warmbrodt [reports](#). Business groups are expected to ramp up efforts to block his appointment, while opponents of the bank are warning the Senate Banking Committee about the consequences of failing to advance Garrett's nomination. "The divides among congressional Republicans appear to be deepening, and I am left with the sense that for some issues, the GOP is closer to a coalition government than a unified party," Compass Point analyst Isaac Boltansky said.

**TAKE A GLANCE! DISSECTING NEW YORK'S ENERGY GOALS:** The Manhattan Institute is out with a [report](#) today arguing, among other findings, New York's goal of reducing greenhouse gas emissions 80 percent from 1990 levels by 2050 is "unrealistic, unobtainable, and unaffordable." In addition, meeting renewable energy and GHG goals will mean shifting to electric-powered equipment across most sectors of the state's economy "adding many billions of dollars in costs in both the private and public sectors," the report argues. Lower-income New Yorkers would bear more of the brunt of those policies to hit the interim reduction goals, it says.

**NOT A FAN:** German Chancellor Angela Merkel slammed her predecessor Gerhard Schroeder for taking a high-paying post at Russian oil company Rosneft, POLITICO Europe's Victor Brechenmacher [reports](#). "I do not find what Mr. Schroeder is doing appropriate," Merkel told German daily [BILD](#). Schroeder has drawn criticism in Germany for his involvement in the Russian energy sector and [his friendship](#) with Russian President Vladimir Putin. He already holds a leadership role at Nord Stream AG, a gas-pipeline consortium set up by Gazprom, to transport Russian gas across the Baltic Sea and into Germany.

**LET THERE BE REGIONAL ADMINISTRATOR!** A former Alabama environmental regulator will serve as EPA's Region 4 Administrator, Pro's Alex Guillén [reports](#). Trey Glenn was director of the Alabama Department of Environmental Management from 2005 through 2009 and has owned an engineering consulting firm in Birmingham for the last eight years. Alabama's ethics commission found "probable cause" back in 2007 that Glenn may have violated ethics laws but a grand jury in 2009 concluded there were no "provable violations." Regional administrators do not require Senate confirmation.

**COURT REVIVES DUGONG SUIT:** The 9th Circuit Court of Appeals has [revived](#) an environmentalist lawsuit dating back to 2003 alleging a plan to place a U.S. Marine Corps air base in Okinawa, Japan, threatens a local population of dugongs, which are similar to manatees. A lower court previously said the green groups did not have standing to bring the case, and the suit raised "political questions" the court could not answer. But the 9th Circuit reversed that Monday, saying the case must be heard. The green groups will now get to present their case that the new military base will threaten the Okinawa dugong, which is listed as endangered in the U.S. and Japan. However, they may still fail to change anything about the base; the 9th Circuit said the green groups "may face challenges in securing relief on the merits." The base construction has been controversial for reasons beyond dugongs, with the prefecture government [taking](#) Japan's central government to court this summer to halt work on seawalls and new land.

**LOTS OF FREE TIME?** Sebastian Gorka, Trump's deputy assistant, posted the personal phone number and other contact information of a blogger after he put up a [post](#) detailing how Gorka's son made an environmental documentary, Death and Taxes [reports](#). The video at issue, made by 18-year-old Paul Gorka, looks at how plastic pollution contributes to water quality issues.

**REPORT: NUCLEAR NEEDS CONGRESSIONAL HELP:** Kirk Lippold, an energy policy expert who served as commanding officer of USS Cole, is out with a [new report](#) arguing Congress must extend a nuclear production tax credit for the U.S. to remain a worldwide leader in that energy sector. "It is incumbent for that leadership to continue through public support of

this clean energy source in order for it to remain a reliable power backbone for decades into the future," he writes in the paper for the Electric Reliability Coordinating Council.

## QUICK HITS

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- Coal country is ready for tech jobs - if techies will just give them a chance. [Recode](#).
- Saudis Could Get \$21 Billion Non-Oil Boost in 2018, BofA Says. [Bloomberg](#).
- OPEC to discuss ending or extending production cut in November: Kuwait minister. [Reuters](#).
- Support for climate change bill is haunting a California Republican leader. [The Mercury News](#).
- UT System oil money is a gusher for its administration - and a trickle for students. [Texas Tribune](#).

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