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Energy and Climate 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.

Pruitt Schedule Peppered With Energy Company Meetings

Posted June 16, 2017, 01:07 P.M. ET

By [Brian Dabbs](#)

EPA Administrator Scott Pruitt met frequently with energy companies during his first six weeks in office, a timespan that didn't feature a single meeting with an environmental advocacy group, his newly released [schedule](#) shows.

The former Oklahoma attorney general sat down with American Petroleum Institute executive committee, Chevron Corp., Duke Energy, BP America Inc., and the Edison Electric Institute between mid-February and the end of March, according to records obtained by Bloomberg BNA from a Freedom of Information Act request.

A range of coal and other energy companies filled Pruitt's campaign coffers during his past two decades in Oklahoma politics. Pruitt also in recent years led the Republican Attorneys General Association, which has close financial ties to energy companies.

He attended a RAGA dinner nine days after President Donald Trump swore him into office. Pruitt met with the Nature Conservancy and the Audubon Society, both environmental groups, in late April.

Week Ahead: It's Perry's Turn in the Budget-Defense Barrel

Posted June 16, 2017, 01:28 P.M. ET

By [Chuck McCutcheon](#)

Energy Secretary Rick Perry is expected to face grilling from Congress similar to what EPA Administrator Scott Pruitt received about proposed steep cuts to his agency's fiscal 2018 budget—one of numerous energy and environment events during the week of June 19.

Perry is [scheduled](#) to testify Tuesday before the House Appropriations' Energy and Water Development Subcommittee. The ex-Texas governor then will [face](#) the Senate's counterpart spending panel on Wednesday [and](#) the Senate Energy and Natural Resources Committee on Thursday. His appearances come after Republican appropriators, listening to Pruitt testify,

dismissed the Trump administration's proposals for EPA as out of hand.

Under President Donald Trump's proposal, the Energy Department would sustain an overall 5.4 percent cut, or \$1.7 billion—minor compared to most other Cabinet agencies—from the estimated funding levels Congress provided in fiscal 2017. The agency's clean energy programs would bear the brunt of the cuts, with new funds funneled into the arm of the agency dealing with developing and safeguarding nuclear weapons.

Energy efficiency and renewable energy program funding would plummet by around 70 percent. Subprograms dealing with weatherization of homes and state energy are proposed for elimination "to reduce federal intervention in state-level energy policy and implementation," according to the department.

Even fossil energy research, which supports research into coal, oil and other energy types that Trump has emphasized, is proposed to get a 55 percent cut. And Energy's Office of Nuclear Energy, which advances nuclear power as resource and conducts nuclear-related research and development, would see a nearly 30 percent cut.

Perry said last month that the budget proposal "delivers on the promise to reprioritize spending to carry out DOE's core functions efficiently and effectively while also being fiscally responsible and respectful to the American taxpayer." But his predecessor Ernest Moniz, who served under President Barack Obama—and who is speaking at the National Press Club on Wednesday about the need for more energy research—said the proposed reductions "would put us behind China and Europe" in developing clean-energy markets.

Two senators already have come out publicly against cutting Energy Department research: Lamar Alexander (R-Tenn.), who chairs Appropriations' Energy and Water Subcommittee, and Lisa Murkowski (R-Alaska), who chairs Energy and Natural Resources. They joined several colleagues in a May letter asserting: "Federally funded research is imperative to ensuring we meet our energy, science, and national security needs for generations to come."

Interior Secretary Ryan Zinke also is continuing to head to Capitol Hill to discuss his agency's proposed budget. The Senate Energy and Natural Resources Committee also will listen to Zinke on Tuesday, followed by the House Natural Resources Committee on Thursday. Like Pruitt, Zinke also has faced bipartisan skepticism on called-for cuts at Interior, including elimination of a pilot program on abandoned mine lands, the Great Lakes Restoration Initiative, and an earthquake early warning program, as well as a deep cut in money for the Land and Water Conservation Fund. Alan Kovski will cover.

Pruitt, Zinke and numerous other public- and private-sector officials, including the Edison Electric Institute's Tom Kuhn and NuScale Power's John Hopkins, are scheduled to take part on Tuesday at a U.S. Chamber of Commerce's Institute for 21st Century Energy breakfast on how energy innovation can drive future economic growth. David Schultz will cover.

In Other News

Water infrastructure: The Senate Environment and Public Works Committee's Subcommittee on Fisheries, Water, and Wildlife will hold a Tuesday hearing, "Innovative Financing and Funding: Addressing America's Crumbling Water Infrastructure." Amena H. Saiyid will cover.

Environmental technologies: The House Science, Space and Technology Committee's Environment Subcommittee will hold a Wednesday hearing on advances in environmental technologies. Among

the companies testifying is Sairdrones Inc., which collects and delivers live ocean data on weather forecasting and climate, among other uses, through a fleet of autonomous sailing drones.

Climate roundtable: Rep. Eddie Bernice Johnson (D-Texas), the Science Committee's ranking member, will hold a Tuesday [roundtable](#) on climate change. Witnesses include scientists from Lawrence Livermore National Laboratory and Woods Hole Research Center.

Amended TSCA: The week of June 19 marks the one-year anniversary of Congress's overhaul of the Toxic Substances Control Act. The statute requires the agency to release by Monday its strategies for assessing the risks of 10 chemicals and groups of chemicals. The EPA also is required to issue by June 22 three final rules, which will describe the agency's approach to identify chemicals in commerce, determine which of them are priorities for risk assessment and carry out those risk evaluations. Many people have bet some or all deadlines may slip, but the agency has been working to meet them. [Pat Rizzuto](#) and [Sam Pearson](#) will cover.

WOTUS deadline: Monday is the deadline for states to submit comments on how they would like to see the EPA and U.S. Army Corps of Engineers rewrite the waters of the U.S. rule following the direction provided by Trump. In his executive order, Trump ordered that the rewrite consider the late Justice Antonin Scalia's opinion in a 2006 U.S. Supreme Court case in which Scalia asserted Clean Water Act jurisdiction on the basis of relatively flowing water. Reporting by Saiyid.

Canadian Oil-Sands Production Expected to Grow Rapidly

Posted June 16, 2017, 11:21 A.M. ET

By [Kevin Orland](#)

Canada's oil-sands will increase production rapidly in the next three years, ranking only behind U.S. shale as the biggest contributor to global supply growth.

The oil sands will boost output by almost half a million barrels a day over this year and the next, with a smaller increase in 2019, IHS Markit [said](#) June 15. Production from the resource, which churned out about 2.6 million barrels a day last year, may be 1 million barrels per day higher by 2026, the researcher said.

The deposits of sand, water, clay and hydrocarbons in northern Alberta saw a frenzy of dealmaking activity earlier this year as Canadian producers bought out international partners in a bet that they can make the capital-intensive operations more efficient and profitable. Indeed, much of the production growth from the oil sands will come from expansion of existing facilities, which offer lower costs and risks, as well as quicker returns, IHS said. The IHS projections echo a study released by the Canadian Association of Petroleum Producers June 14, which forecast oil-sands production would increase by 1.3 million barrels a day by 2030. That study also indicated that the nation's crude output will exceed existing pipeline capacity, limiting producers' access to markets.

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Green Bond Growth Unruffled by U.S. Paris Exit, EIB Says

Posted June 16, 2017, 12:02 P.M. ET

By [Lyubov Pronina](#)

Green bond sales by borrowers including Apple Inc. show the U.S. pullout from the Paris climate accord has not slowed a market that almost doubled last year, the European Investment Bank's capital markets chief said.

If President Donald Trump's decision to take the U.S. out of the Paris climate accord was a setback for the international pact to curb greenhouse gases, issuers are brushing it off, according to Eila Kreivi, the bank's head of capital markets.

"Two years ago, it would have been a catastrophe but now the market has a life of its own," she said in an interview on the sidelines of an International Capital Market Association conference on green bonds in Paris on June 14. "We have seen so many American market participants who have said, we don't care. Indeed, Apple's green bond confirmed that."

Apple, which wants to run 100 percent of its operations on renewable energy, issued \$1 billion of the securities on June 13, adding to a \$1.5 billion sale in 2016. This year's most active seller of the securities is the French government, which sold an inaugural 7 billion euros (\$7.8 billion) in January to fund efforts to meet European Union targets on emissions cuts.

The EIB, which is the second largest global issuer of the securities in 2017 after France, according to Bloomberg league tables, will continue to provide as much as 4 billion euros per year in financing for eligible projects, Kreivi said.

"We expect to see a fairly similar number this year in lending and green bond issuance," she said.

Global sales of green bonds almost doubled last year to \$95.65 billion, according to Bloomberg New Energy Finance, which expects volumes to reach \$123 billion in 2017. The market's momentum has continued into this week with a 1 billion euro offering of notes across two maturities by Dutch power company TenneT Holding and China Three Gorges Corp's 650 million euro sale of seven-year paper.

The EIB is working with China to produce a White Paper by the year-end to map out a framework for green bonds principles, Kreivi said.

—With assistance from Brian Parkin.

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Merkel Cabinet Opens German Clean Power Auctions to EU Neighbors

Posted June 16, 2017, 02:23 P.M. ET

By [Brian Parkin](#) and [Andrew Reierson](#)

Chancellor Angela Merkel's Cabinet approved a plan to allow companies in nations neighboring Germany to compete in clean power auctions.

Developers in the 28 European Union countries will be able to bid for as much as 300 megawatts of capacity, which is equal to about 5 percent of Germany's current annual auction volume, the Economy and Energy Ministry said. An ordinance ushering in the move will be effective shortly, and the ministry plans to expand the volume.

The step is aimed at integrating Germany's clean power expansion in the EU as the bloc strives to create a single market for electricity. Spreading generation beyond Germany's border will also help ease fluctuations in its wind and solar power generation, the ministry said.

Germany kicked off cross-border auctions last year in a test with Denmark, offering 50 megawatts of capacity to its neighbor. Denmark reciprocated offering 20 megawatts.

Merkel's cabinet set three conditions for implementing the ordinance. EU neighbor states must reciprocate by offering clean power capacity. They must anchor the pledge in an international agreement, and power that's generated must be able to be "physically imported" into Germany, the ministry said.

The cross-border auctions will be open to all types of green power. Regional advantages for specific types of power generation -- such as hydro power -- will help iron out the fluctuations in Germany's wind and solar power.

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