

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Tue 10/17/2017 9:42:44 AM
Subject: Morning Energy, presented by the National Biodiesel Board: Tensions elevated as Pruitt meets corn-state senators on biofuels — BLM clears way for controversial Cadiz project — Carper bashes inadequate responses from EPA nominees

By Anthony Adragna | 10/17/2017 05:40 AM EDT

With help from Eric Wolff, Tim Starks and Esther Whieldon

BIOFUEL FIGHT HEATS UP TODAY: Iowa Sen. [Chuck Grassley](#), joined by home-state colleague [Joni Ernst](#), Nebraska's [Deb Fischer](#) and possibly others, will meet with EPA Administrator Scott Pruitt today amid growing concern that President Donald Trump is renegeing on a campaign promise and undermining the biofuels industry, Pro's Eric Wolff [reports](#). EPA's recent proposal to cut biomass-based biodiesel quotas for 2018 and 2019, as well as recent reports the agency was considering allowing the use of credits from ethanol shipped overseas, has drawn multiple Senate letters in recent weeks, including a [bipartisan letter](#) from 38 senators and [another](#) with 29 signatures.

The recent moves have proven a huge financial boon for the oil refiners and rattled the market for biofuel credits known as RINs. Pruitt, who had immensely close ties to the oil industry as Oklahoma attorney general, is looking for ways to help them out, according to an administration official and oil industry sources who have spoken with EPA. "The administrator wants to drive down RIN prices," said one oil refining source who recently spoke to multiple EPA career and political officials. "The reason he wants to do that, he's going to screw them on point of obligation. He's willing to [push] any crazy idea that accomplishes that goal in the short term. It doesn't matter what the litigation risk is."

Remember Trump made his support for the Renewable Fuel Standard a rare policy-heavy portion of his campaign in Iowa, and Grassley, in particular, took Pruitt's proposed changes personally. He recently called them a "bait and switch" from what the administrator had told him before his nomination. Separately, four Republican governors — Kim Reynolds (Iowa), Sam Brownback (Kan.), Eric Greitens (Mo.) and Dennis Daugaard (S.D.) — sent [a letter](#) to Trump Monday voicing concern over EPA's recent RFS moves. "Cutting the biomass-based diesel volume set a year ago is not only unnecessary, it's highly disruptive, unprecedented and potentially catastrophic," they wrote.

Another refining industry source sums up the administration's dilemma to Eric: "The administration faces a conundrum on this issue. On the one hand guys are really leaning on them and talking about how they made a promise to rural America. On the other hand, the president made a promise to protect manufacturing jobs.... Politically what they're facing is a lot of heat."

WELCOME TO TUESDAY! I'm your host Anthony Adragna, and NEI's Robert Powers was first out of the gate to identify Mark Neumann as the previous holder of Speaker Paul Ryan's House seat. For today: Who defeated a sitting party leader to win the Senate seat they currently hold? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on

Twitter [@AnthonyAdragna](#), [@Morning_Energy](#), and [@POLITICOPro](#).

BRINGING INDUSTRY TO THE TABLE: In his Monday [move](#) to end what he terms EPA's sue and settle practice, Pruitt vowed to seek the consent of the companies the agency regulates before agreeing to any deadlines for environmental action, Pro's Alex Guillén [reports](#). "EPA shall seek to receive the concurrence of any affected states and/or regulated entities before entering into a consent decree or settlement agreement," he said. EPA noted the directive does not outright require industry consent on any agreement, while adding it applied to lawsuits from both environmental and industry groups.

But critics argue his action targets a non-existent problem that will empower the entities Pruitt is supposed to be regulating. "His targeting of legal settlements, especially where EPA has no defense to breaking the law, will just allow violations to persist, along with harms to Americans," NRDC's John Walke said. During the Obama administration, EPA frequently entered into settlements with environmental groups after missing statutory deadlines. But the subsequent regulations still went through the lengthy rulemaking process, and a 2014 GAO [study](#) concluded the "effect of settlements in deadline suits on EPA's rulemaking priorities is limited."

BLM CLEARS WAY FOR CONTROVERSIAL CALIFORNIA WATER PROJECT: Regulators cleared the biggest remaining federal obstacle for Cadiz Inc. water pipeline in California's Mojave Desert when ruled the project can move forward without additional BLM approval, Pro's Esther Whieldon [reports](#), citing a [letter](#) released Monday. Acting Director Mike Nedd axed an Obama-era 2015 finding that the project could not use an existing railroad right of way and would need to apply for its own. Cadiz in a [statement](#) said it will begin working on final engineering designs, contracts and obtaining a conveyance agreement with the Metropolitan Water District of Southern California.

Opponents slammed the move: Sen. [Dianne Feinstein](#), a longtime opponent of the project, said Cadiz's pipeline would draw more water than the aquifer can recharge naturally and expose residents to potentially harmful levels of chemicals. "The Trump administration might be willing to let Cadiz profit by harming our public lands but California shouldn't give up," she said in a statement. "Our state can still require a stronger review of Cadiz's plans. The fight to protect our desert isn't over."

The Bernhardt question: A spokeswoman said Interior Deputy Secretary David Bernhardt "has absolutely no role in anything related to Cadiz." The agency's number two did legal work for Cadiz before joining the agency, and his former firm stands to benefit if it's completed.

CARPER BASHES EPA NOMINEE RESPONSES: Sen. [Tom Carper](#), top Democrat on the Environment and Public Works Committee, released responses to questions from four nominees to senior EPA roles that he told ME were "shocking" in their lack of substance. He was in particular critical of the responses of the agency's chemicals pick, Michael Dourson, who didn't provide specific answers on a host of questions related to the agency's implementation of the Toxic Substances Control Act and air chief, Bill Wehrum, who provided vague answers on topics like the Paris Climate Accord and how he would approach various air regulations. But ME didn't get a sense from Carper or aides that committee Democrats were likely to boycott a

Wednesday vote on the nominations of Dourson and Wehrum, as well the picks of David Ross to head the water office, Matthew Leopold to be general counsel and Jeff Baran's re-nomination to the NRC.

Read the responses to Carper's questions for the record [here](#).

EPA OFFICIAL LANDS IN PUERTO RICO : Newly sworn in EPA Region 2 Administrator Peter Lopez landed in Puerto Rico Monday to meet with local officials "to make sure my team at the EPA continues to help lift these communities up." Army Lt. Gen. Jeffrey Buchanan, leading the administration's response to the disaster, said in a statement it would be "months" before the electric grid could be rebuilt: "FEMA asked the Army Corps of Engineers to take the lead in that, not necessarily with military power guys, but with contracts with local workers," he said. A short-term priority is getting water treatment plants back up and running through generators followed by the longer-term goal of getting other critical infrastructure back on the electric grid.

Sign of the times: NBC News correspondent Gabe Gutierrez tweeted [a picture](#) of a drinking water well on a Superfund site with protective fencing ripped off. "People are desperate," Lopez [told Gutierrez](#), adding people are breaking into sealed-off wells.

Trump critical of island again: Once again casting the island's struggles as partially self-inflicted, Trump said the military "shouldn't have to be" distributing food and water on the island, POLITICO's Cristiano Lima [reports](#). Meanwhile, the Senate is likely to take up a House-passed relief package [H.R. 2266 \(115\)](#) once it passes its budget.

ALASKAN PICKED FOR INTERIOR ROLE: Trump late Monday announced his intent to nominate Tara Sweeney, executive vice president of external affairs for Arctic Slope Regional Corporation, as assistant Interior secretary of for Indian Affairs. She chaired the Arctic Economic Council from 2015 to 2017. "Secretary Zinke could not have chosen a better leader to help him fulfill the federal government's trust responsibility," Senate Energy Chairman [Lisa Murkowski](#) said in a statement.

**** Presented by the National Biodiesel Board:** More than 64,000 jobs are supported by clean-burning biodiesel. But the EPA is threatening to reduce biodiesel use and weaken the Renewable Fuel Standard (RFS). We must protect those biodiesel jobs with a strong RFS program. Watch the president promise to protect the RFS here: <http://bit.ly/2xn5Sgm> **

HOLD YOUR HORSES: Senate Majority Leader [Mitch McConnell](#) used a lunch with the president Monday to stress that Steve Bannon was going after some staunch supporters of Trump's agenda, such as [John Barrasso](#) and [Deb Fischer](#), with his pledge to recruit primary challengers for sitting Republican senators, POLITICO's Matthew Nussbaum and Cristiano Lima [report](#) . That point apparently resonated with Trump, who later told reporters: "Some of the people he may be looking at, I'm going to see if we talk him out of that."

UNITED WE STAND? Even as Trump and McConnell projected a united front Monday, White House officials behind-the-scenes are increasingly wondering what's going on in the Senate and afraid the chamber won't be able to pass Republican tax overhaul, POLITICO's Burgess Everett

and Josh Dawsey [report](#). "You ask me if the Republican-controlled Senate is an impediment to the administration's agenda: All I can tell you is so far, the answer's yes," OMB Director Mick Mulvaney, a former member of the House Freedom Caucus, said.

RALLYING AGAINST ANWR LANGUAGE: Six Senate Democrats — [Ed Markey](#), [Michael Bennet](#), [Tom Udall](#), [Maria Cantwell](#), [Al Franken](#) and [Jeff Merkley](#) — are joining environmental groups at 11:15 a.m. in the Senate swamp to urge the removal of language opening ANWR to drilling from the fiscal 2018 budget resolution.

DOE WATCHDOG: CLOSE, BUT NOT QUITE: The Department of Energy needs to [improve](#) control over who can access systems, the security of its web applications and mitigation of vulnerabilities, according to a recently released inspector general report. The IG had pointed out those flaws and others in a prior report. "The weaknesses identified occurred, in part, because department officials had not fully developed and/or implemented policies and procedures related to the issues identified in our report," the IG concluded. "Without improvements to its cybersecurity program in areas such as enhanced controls over vulnerability management and access controls, the department's systems and information may be at a higher-than-necessary risk of compromise, loss, and/or modification." Overall, however, DOE had addressed 13 of the 16 weaknesses the IG previously identified.

TAKE A GLANCE! NUTRIENT CREDIT PROGRAM USE LIMITED: Despite 11 states having 19 nutrient credit trading programs meant to help hit discharge limits, use has been limited, according to [a report](#) released by GAO Monday. Programs in Connecticut, Pennsylvania and Virginia saw the bulk of credit trading.

GTM: HIGHER TARIFFS MEAN LESS SOLAR: A 40 cents per watt tariff would cut solar demand in half, GTM Research says in [a study](#) out today. The research group found that lower tariffs had less of an impact: For example, adding 10 cents per watt would drive down sales 9 percent. The study also found that utility scale solar would be hardest hit, as utilities are more sensitive to cost than the residential market.

REPORT: LET'S COMMISSION A COASTAL COMMISSION: The Regional Plan Association released [a report](#) Monday calling for New York, New Jersey and Connecticut to form a new coastal commission as the region prepares for the impacts of climate change over the next decades.

HOT DOC: The Environmental Defense Fund released a new document called "[Pruitt's Playbook](#)" chronicling what it says is Pruitt's assault on EPA's mission.

WINTER IS COMING: The American Gas Association today predicts cooler temperatures this winter will mean a five percent increase, on average, on heating bills as consumers are likely to use three percent more natural gas.

MAIL CALL! MORE CRITICISM OF MONUMENT REVIEW: More than 350 National Park Service employees sent Zinke [a letter](#) today saying they are "extremely disappointed" in his review of national monuments designated under the Antiquities Act.

— Separately, more than 350 companies largely from the outdoor recreation retail industry in a Monday [letter](#) to Trump urged the president to "embrace the conservation ethic of your predecessors and keep current protections in place for our public lands and waters." The letter also asks Trump not to roll back protections on monuments. The Commerce Department has until Oct. 25 to send the White House a report on marine monuments and Trump is mulling Interior Secretary Ryan Zinke's recommendations to shrink and/or allow mining, commercial fishing and logging in 10 existing monuments.

MOVER, SHAKER: Bryan Rice, an Interior veteran and member of the Cherokee Nation of Oklahoma, started as director of the Bureau of Indian Affairs on Monday. He most recently led the agency's Office of Wildland Fire as the latest stop on a federal career spanning more than 20 years.

QUICK HITS

— Joe Manchin backs Rick Perry's plan to subsidize coal, nuclear plants. [Washington Examiner](#).

— EPA Says Higher Radiation Levels Pose 'No Harmful Health Effect'. [Bloomberg](#).

— Get ready to see a plan for billions of dollars in parks and water improvements on California's 2018 ballot. [Los Angeles Times](#).

— Officials ID person missing after Lake Pontchartrain oil platform explosion. [Times-Picayune](#).

— Iraq's Kurdistan shuts 350,000 bpd of oil output due to security: sources. [Reuters](#).

— World petrol demand 'likely to peak by 2030 as electric car sales rise'. [The Guardian](#).

HAPPENING TODAY

POSTPONED — Senate Appropriations subcommittee [markup](#) of Interior-Environment bill, 124 Dirksen

9:30 a.m. — "[Working Towards Clean Cars and Clear Skies in Los Angeles, Hong Kong and the Pearl River Delta](#)," Wilson Center, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW

11:15 a.m. — Democratic senators host press conference calling for removal of Arctic Refuge drilling language from budget, Senate swamp

THAT'S ALL FOR ME!

**** Presented by the National Biodiesel Board:** Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil and animal fats, biodiesel is a renewable, clean-burning diesel replacement that can be used in existing diesel engines without modification. EPA wants to reduce biodiesel volumes in the Renewable Fuel Standard (RFS),

which would kill jobs, thwart economic growth and potentially bankrupt farmers. We must support U.S. workers and grow the economy with more biodiesel in a growing RFS. Make your voice heard with the EPA: <http://bit.ly/2ghDLo3> **

To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/10/tensions-elevated-as-pruitt-meets-grassley-on-biofuels-025078>

Stories from POLITICO Pro

EPA's Pruitt boosts industry role in negotiations with green groups [Back](#)

By Alex Guillén | 10/16/2017 03:57 PM EDT

Industry groups will soon get a seat at the table when EPA decides how to respond to some lawsuits from environmental groups.

EPA will ask for the consent of the industries and companies it regulates before agreeing to any deadlines for environmental action sought by "special interest groups," according to a new [directive](#) issued by Administrator Scott Pruitt.

EPA will notify states or industries of any petitions or lawsuits that may affect them and will take "any and all appropriate steps to achieve the participation" of industry during negotiations, Pruitt wrote in his directive that is intended to end the agency's so-called sue and settle practice.

"Accordingly, EPA shall seek to receive the concurrence of any affected states and/or regulated entities before entering into a consent decree or settlement agreement," Pruitt continued.

In response to questions from POLITICO, EPA noted the directive does not outright require industry consent on any agreement. And the agency said Pruitt's directive applies to both environmental and industry groups' suits.

But EPA's new directive to seek industry approval first could lead to "back-room deals" between the agency and those it regulates, according to Amit Narang, a regulatory expert at watchdog group Public Citizen.

"There's simply nothing for industry groups to come in and discuss with the EPA related to these lawsuits except how they want the EPA to potentially craft a new regulation that was already unlawfully delayed in a way that's industry-friendly," he said.

"Pruitt's doing nothing more than posturing about a non-existent problem and political fiction," said John Walke of the Natural Resources Defense Council. "His targeting of legal settlements, especially where EPA has no defense to breaking the law, will just allow violations to persist, along with harms to Americans."

Republicans have complained for years that environmental groups would sue EPA and quickly

reach a deal for the agency to take certain actions, bypassing industry input, a practice they termed "sue and settle." They note that it was those type of lawsuits that led EPA to write the Clean Power Plan, for example.

"Sue and settle ... interferes with the rights of the American people to provide their views on proposed regulatory decisions and have the agency thoughtfully consider those views before making a final decision," Pruitt wrote in a [memo](#) accompanying his directive.

Democrats and environmentalists argue that the deals Republicans have complained about largely targeted missed statutory deadlines, and that any subsequent regulations were still open to the full rulemaking process. And the Clean Power Plan may have been spurred in part by a settlement agreement, but the final rule was developed with all required public input and was subject to legal challenge.

A 2014 [study](#) by the Government Accountability Office concluded that the "effect of settlements in deadline suits on EPA's rulemaking priorities is limited." That study also said that long-standing Justice Department policy prevents EPA from striking a deal in a deadline suit that specifies the substance of any subsequent rule.

Pruitt's directive quickly landed plaudits from conservative groups.

"The EPA is making it clear that the public and the integrity of the rulemaking process are no longer going to be sacrificed for the political objectives of narrow interests," Daren Bakst of The Heritage Foundation said in a statement.

William Yeatman of the Competitive Enterprise Institute called it a "welcome" first step, but added that EPA had routinely missed deadlines for years under the Clean Air Act and other laws, and should seek more resources from Congress to meet those deadlines and avoid environmental groups suing.

The 2014 GAO study also noted that EPA's proposed consent decrees, published in the Federal Register, traditionally took public comment for 30 days before moving forward.

Pruitt acknowledged that in his memo, and while he admitted those comments sometimes led to changes in the final agreements, "numerous stakeholders lack faith in the effectiveness of this comment opportunity" because EPA and environmental groups "have already agreed in principle to the proposed settlement."

It remains unclear how EPA plans to defend itself in court over clearly missed deadlines set by Congress. The agency said only that it "will handle any lawsuits consistent with today's directive."

But the agency's critics say there's simply no viable defense.

"These are the simplest lawsuits for environmental groups to win and for the EPA to lose. There's no point in EPA fighting these lawsuits. The evidence is as simple as looking at the

calendar and saying a congressional deadline has been missed," said Narang. "If EPA was to fight these cases in court, that would be one of the most wasteful uses of taxpayer money."

In recent weeks, Pruitt has racked up several such deadline suits.

For example, [Democratic attorneys general](#) and environmental groups are preparing to sue Pruitt for missing a key implementation deadline for the 2015 ozone standard. EPA is also facing down a [lawsuit](#) from the state of Maryland for failing to respond to its petition seeking pollution controls on upwind power plants.

Similar consent decrees have been reached in the past with industry groups as well. The agreement setting deadlines for EPA to issue its 2014-16 Renewable Fuel Standard volumes, for example, was reached with oil and refining industry groups.

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BLM clears the way for Cadiz California water pipeline [Back](#)

By Esther Whieldon | 10/16/2017 06:06 PM EDT

The Bureau of Land Management has ruled the proposed Cadiz Inc. water pipeline in California's Mojave Desert can move forward without agency approval, effectively clearing the biggest remaining federal hurdle for the project.

In a Friday [letter](#), which Cadiz released today, BLM acting Director Mike Nedd reversed a 2015 finding by the Obama administration that the project could not use an existing railroad right of way and would need to apply for its own.

The proposed pipeline would pump groundwater from a desert aquifer across 43 miles of land, much of it federally owned, and the project's opponents have argued it would draw more water than the aquifer can recharge naturally.

The Interior Department in September also reversed a legal interpretation made under the Obama administration and found railroads have broad discretion to lease their rights of way. The Center for Biological Diversity has filed a public records request with Interior to figure out why the agency revoked that legal interpretation.

David Bernhardt, Interior's second-in-command, did legal work for Cadiz before joining the agency. An Interior spokeswoman in an emailed statement said "the Deputy Secretary has absolutely no role in anything related to Cadiz."

WHAT'S NEXT: Cadiz in a [statement](#) said it will begin working on final engineering designs, contracts and obtaining a conveyance agreement with the Metropolitan Water District of

Southern California. A Cadiz spokeswoman in an email said the storage component of the project will still require federal permits.

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Trump: Military 'shouldn't have to be' distributing food in Puerto Rico [Back](#)

By Cristiano Lima | 10/16/2017 03:39 PM EDT

President Donald Trump said military personnel assisting in Hurricane Maria recovery efforts "shouldn't have to be" distributing food in Puerto Rico, again casting the U.S. territory's challenges as partially self-inflicted during a Monday press conference.

The president said that while federal agencies have provided "massive" amounts of food and water to Puerto Rico — where access to resources and power remains severely hampered by last month's storm — they should not also be expected to distribute them. Trump has [previously said](#) Puerto Ricans relied too much on federal government resources instead of a "community effort" to rebuild.

"We have massive amounts of water. We have massive amounts of food," Trump said at the White House, where he spoke alongside Senate Majority Leader Mitch McConnell. "But they have to distribute the food."

Trump added: "We now actually have military distributing food — something that, really, they shouldn't have to be doing."

The president has singled out issues with infrastructure and other challenges in Puerto Rico that he said pre-dated the storm as hurdles in the path to recovery. He has also warned that he won't leave federal employees in Puerto Rico indefinitely.

"We cannot keep FEMA, the Military & the First Responders, who have been amazing (under the most difficult circumstances) in P.R. forever!" he [tweeted](#).

The House of Representatives on Thursday [overwhelmingly approved](#) a \$36.5 billion relief package for Puerto Rico and other impacted regions. It is headed to the Senate, where it is expected to be approved.

To view online [click here](#).

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Trump expresses wariness of Bannon's war on GOP establishment [Back](#)

By Matthew Nussbaum and Cristiano Lima | 10/16/2017 12:44 PM EDT

President Donald Trump, who in 2016 ran as the nontraditional, nationalist insurgent riding roughshod over the establishment, on Monday expressed skepticism about Steve Bannon's attempt to produce a wave of such candidates in coming Republican primaries.

"Some of the people he may be looking at, I'm going to see if we talk him out of that," Trump said during a Rose Garden news conference when asked about Bannon's pledge to recruit primary challengers to all but one sitting Republican senator in 2018.

While it's unclear whether Trump will follow through, his comments could mark a line in the sand, with Trump appearing to describe a willingness to stand by Republican incumbents against Bannon-backed challengers.

Trump's stance was muddied, however, because roughly two hours earlier he appeared to voice support for Bannon's avowed war on establishment figures, including Senate Majority Leader Mitch McConnell. Trump told reporters that Bannon "is a friend of mine" and is "very committed to getting things passed" when asked about the Breitbart News chief's attacks on McConnell and other GOP leaders who have failed to pass his legislative agenda.

But after a private meeting with McConnell, Trump expressed the skepticism about Bannon's efforts, especially his support for GOP Senate candidates who will challenge McConnell's leadership role.

"Just so you understand, the Republican Party is very, very unified," Trump declared during the Rose Garden news conference, with McConnell by his side.

Trump's pronouncement came after he and McConnell discussed primaries over lunch, according to a person briefed on the exchange. McConnell told Trump that Bannon was targeting senators who were supporters of Trump's agenda, like Sens. Deb Fischer (R-Neb.) and John Barrasso (R-Wyo.). That point resonated with Trump, according to the person briefed, and McConnell went on to explain how past insurgent primary winners had wound up losing in the general election.

Trump's apparent commitment to stand by incumbent Republican senators against his former campaign CEO and White House strategist shows that even a tradition-bucking president may hew to the party line in the interest of moving his agenda forward and maintaining a governing majority.

McConnell, of whom Bannon has been publicly critical since he was ousted from his West Wing role in August, said that despite any differences between himself and Bannon, his goal was simple: "to win elections in November."

The Senate Republican leader said that regardless of who won during the party primaries, what mattered was that they carried their victory into the general election.

"You have to nominate people who can actually win because winners make policy and losers go home," he said. In a swipe at Bannon, he cited controversial Republican candidates from recent elections who, after beating more moderate opponents in primaries, lost to Democrats in what were widely seen as winnable races.

Bannon on Saturday ratcheted up his war against the GOP establishment — and McConnell specifically — as he vowed to challenge any Senate Republican who doesn't publicly condemn attacks on Trump.

"Yeah, Mitch, the donors are not happy. They've all left you. We've cut your oxygen off," Bannon said during a speech to religious conservatives at the Values Voter Summit in Washington.

"There's a time and season for everything and right now it's a season of war against a GOP establishment," Bannon added. "It's no longer acceptable to come and pat you on the head and tell you everything is going to be fine just to get those people in office."

Since leaving the West Wing, Bannon has raised his public profile, holding campaign events and delivering speeches to further his campaign against establishment figures. He's also relying on the powerful forces of the Breitbart News platform and the support of the ultrawealthy Mercer family to further his agenda.

Trump's own frustration with GOP establishment leaders was clear on Monday. He told reporters earlier in the day that he "can understand where Steve Bannon is coming from" given Republican lawmakers' failure so far to pass Obamacare repeal, tax reform and other big ticket items.

While Trump stressed that he had "great relationships with many senators," he gave a grim assessment of the work by GOP lawmakers on Capitol Hill. "They are not getting the job done," Trump told reporters while meeting with his Cabinet. "And I'm not going to blame myself. They are not getting the job done."

The president added that "there are Republicans frankly that should be ashamed of themselves" for their inability to follow through on repealing the Affordable Care Act and passing major tax reform legislation.

But at the Rose Garden news conference, Trump and McConnell, standing side by side, sought to strike a united front.

"We've been friends for a long time. We are probably now — despite what we read — we're probably now, I think, at least as far as I'm concerned, closer than ever before," Trump said, glossing over their public feuding in recent months. "And the relationship is very good. We're fighting for the same thing."

"I wanna underscore what the president said: We have the same agenda," McConnell said.

Trump has also already shown a comfort in breaking with Bannon, joining McConnell to support

Alabama Sen. Luther Strange against a primary challenge from the far-right former judge, Roy Moore.

Moore won by about 9 points, and Bannon introduced him for his victory speech.

Alex Isenstadt contributed to this report.

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Trump White House fed up with the Senate [Back](#)

By Burgess Everett and Josh Dawsey | 10/16/2017 07:01 PM EDT

President Donald Trump and Mitch McConnell stood side by side at the White House Monday afternoon to declare they're "together totally" and "very united" heading into this fall's tax reform battle.

But behind the scenes, Trump, his administration and even some senators are increasingly worried that taxes will go the way of Obamacare repeal in the Senate: Months of bickering ending in extreme embarrassment.

The debate hasn't even started on the GOP's plan, yet some senators are pushing their own tax proposals, while others are increasingly emboldened to defy the Republican president. It's a dangerous mix considering that McConnell can lose only two votes assuming Democrats band together in opposition.

"We look at the Senate and go: 'What the hell is going on?'" White House budget director Mick Mulvaney said in an interview Friday.

"The House passed health care, the House has already passed its budget, which is the first step of tax reform. The Senate hasn't done any of that. Hell, the Senate can't pass any of our confirmations," Mulvaney fumed in an interview, slapping a table for emphasis. "You ask me if the Republican-controlled Senate is an impediment to the administration's agenda: All I can tell you is so far, the answer's yes."

The revulsion for the Senate's age-old traditions and byzantine procedure boiled over in public repeatedly on Monday. Trump complained in front of TV cameras that the Senate is "not getting the job done" and said he sees where Steve Bannon — his former chief strategist now planning to run primary challengers against incumbent Republican senators — "is coming from."

And House Speaker Paul Ryan (R-Wis.), when asked Monday to name the biggest impediment to tax reform, [replied](#): "You ever heard of the United States Senate before?"

Shortly after, Trump and McConnell held an unusual 40-minute unity news conference intended to sooth a jittery party that's watched Trump attack "Mitch M" for failing on health care reform and McConnell assert that Trump had "excessive expectations" for Congress. Trump suggested he would try to get Bannon to back off on some of McConnell's incumbents, and McConnell sought to keep the tax reform critics at bay after Trump said he wants it done this year.

"We're gonna get this job done and the goal is to get it done by the end of the year," McConnell said after lunching with the president. The meeting had been long-planned, but the impromptu news conference was Trump's idea, two sources familiar with the event said.

McConnell is expected to hold a vote this week on the budget — a precondition for tax reform — and GOP aides expect it to pass. That will relieve some of the pressure on the chamber, which has been receiving flak nonstop from donors, House members and the president since the health care implosion this summer.

Administration officials are hoping that frustration produces enough pressure to force the Senate to pass tax reform. But already, there are signs of trouble.

Sen. Ron Johnson (R-Wis.) is so skeptical that the Senate can enact the GOP's tax framework that he's begun pitching his own tax plans to colleagues. It would shift the burden of corporate taxes onto shareholders and allow individuals to opt out of the existing tax code and into a system without the confusing array of tax preferences and deductions that people can now choose.

It's radically different from what congressional leaders and the president proposed. But Johnson said in an interview that leadership's plan "is going to be very difficult to pass. We've already seen with the outline now, with the principles given, that's going to be a challenge."

"I don't want to be a problem child here, but what I'm offering is a plan B," Johnson added. "If they can't get the votes ... I've got an alternative."

Senate Majority Whip John Cornyn (R-Texas) brushed off any negativity about the Senate's work, insisting that he never thought the party's agenda is "off track." But he said the sniping from Mulvaney and Ryan — and skepticism from some Republican senators about the prospects for tax reform — is not helpful.

"I don't think that sort of thing is very constructive myself," Cornyn said Monday.

The House is sure to labor to pass tax reform, too. Members from high-tax states are already rebelling against plans to gut the deduction for state and local taxes. But two White House officials said the most serious concerns are in the Senate.

"I was really not happy that this Congress couldn't control its own members and get to a winning vote on health care," said Sen. David Perdue (R-Ga.). "This tax code is something we've got to do. We've got to do that this year. It's a test of the Republican majority."

But like with health care, the tax reform process is moving more slowly than many Republicans would like. There's no bill yet, for starters. And White House officials have deliberately left some policy details vague because they're unsure what it will take for various senators to get on board and want to leave their options open, one of these people said.

The White House officials expect a multitude of demands from Sen. Bob Corker (R-Tenn.) regarding the deficit, and from Sen. Rand Paul (R-Ky.) on middle-class tax cuts. Nevada Sen. Dean Heller, perhaps the most endangered Republican senator on the ballot next year, is expected to have his own asks.

Other moderate Republican senators are expected to hold major sway as well, including Lisa Murkowski of Alaska and Susan Collins of Maine. Another wild card is Sen. John McCain (R-Ariz.), who has voted against past tax cuts and cast the decisive vote against Obamacare repeal.

"We're expecting to have to make some deals here," one official said.

Rattled that many senators are still on the fence, the Koch network encouraged its donors at a recent retreat to call Republican senators and push them to vote for tax reform. Vice President Mike Pence told donors at the Koch summit that they thought they could convince Paul and that Trump planned to travel more to win over wavering senators.

And after working for months on an Obamacare repeal-and-replace bill that went nowhere, senators say they feel more urgency than they ever have on taxes.

"If you just stand there you get run over," said Sen. John Kennedy (R-La.). "I don't want to see what happened to us on health care happen to us on tax reform. Which is basically, we analyze it until we are paralyzed."

If that happens again, Republicans are warning of dire consequences: Losing the House and possibly the Senate, and inviting a new wave of ire at incumbents. In an urgent plea over the weekend, Sen. Lindsey Graham (R-S.C.) even suggested on CBS' "Face the Nation" that if the party can't pass tax reform and repeal Obamacare within the next few months, "it will be the end of Mitch McConnell as we know it."

People close to Trump said the White House isn't there yet.

"We don't get into leadership races down here," Mulvaney said. But maybe, he suggested, the pressure on McConnell and "the Senate's failure to pass health care might actually help us to get tax reform passed. Because I think they know they need to get something done."

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