

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** POLITICO Pro Energy  
**Sent:** Fri 10/6/2017 9:44:11 AM  
**Subject:** Morning Energy, presented by Chevron: Changing the math on the Clean Power Plan — Perry's eagerly anticipated hearing next week — DOE, PHMSA picks confirmed

By Anthony Adragna | 10/06/2017 05:42 AM EDT

*With help from Eric Wolff and Darius Dixon*

*Morning Energy will not publish on Monday, Oct. 9. Our next Morning Energy newsletter will publish on Tuesday, Oct. 10. Please continue to follow Pro Energy issues here.*

**CHANGING THE MATH ON CLIMATE CHANGE:** In a move that will set the tone for the Trump administration's legal and political battles over climate regulation, EPA plans to consider fundamentally altering the benefits it associates with the Clean Power Plan in an upcoming proposal to rescind the Obama-era emissions reduction rule, Pro's Emily Holden reports, citing multiple sources familiar with recent drafts. Taken together, the changes will eliminate tens of billions of dollars in the Clean Power Plan's benefits that could be used to bolster EPA Administrator Scott Pruitt's legal argument for pulling back the regulation.

**Among the changes, President Donald Trump's EPA** will dramatically alter its use of the social cost of carbon by no longer considering any social or economic benefits the rule creates outside the United States and counting far fewer of the health benefits that might have come from reducing air pollutants. Obama's regulators accounted for the fact that levels of sulfur dioxide, nitrogen dioxide and particulate matter would decline along with the greenhouse gases, but the Trump proposal won't count any of those additional reductions if pollutant levels were already at levels deemed safe by the agency in other regulations.

**Proponents of the Obama regulation** argue Pruitt's EPA is relying on fuzzy math and ignoring the fact utilities are transitioning to cleaner energy sources faster than anticipated. Janet McCabe, who led EPA's air office under Obama, said Trump's team seems to be ignoring the fact that many states are already on track to hit the rule's targets ahead of schedule. "Every other story is about how costs are coming down, about how emissions are reducing, about how power companies are making choices to close their coal plants or run them less because they're so expensive," she said. And David Doniger, climate director for the Natural Resources Defense Council, said "the courts are going to look very, very hard at this kind of cooking of the books."

**EPA spokeswoman Liz Bowman's response:** "While it appears you are writing a piece based on rumors about CPP, the facts are that the Obama administration's estimates and analysis of costs and benefits was, in multiple areas, highly uncertain and/or controversial."

**TGIF ONE AND ALL!** I'm your host Anthony Adragna, and Craig Meyers was first up to identify Reps. Debbie Dingell and Doris Matsui as the two current lawmakers who replaced their spouses in their congressional seats. For today: Who is the first participant in the U.S. Senate Youth Program to be elected to the body? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning\\_Energy](https://twitter.com/Morning_Energy), and

[@POLITICOPro](#).

**GET YOUR POPCORN READY!** Energy Secretary Rick Perry should expect a bevy of tough questions in his [first appearance](#) before the House Energy and Commerce Subcommittee on Energy next Thursday. Chief among them will be his effort to quickly push through new FERC rules benefitting coal and nuclear plants that has united the oil, gas, wind and solar industries — along with consumer groups — against him. Look for Democrats to push Perry on his use of non-commercial aircraft as secretary, in light of reports he chartered a private plane one day before HHS Secretary Tom Price resigned. More information on the Oct. 12 hearing [here](#).

**He may not enjoy a home field advantage:** Fellow Texans are usually quite chummy with their former governor but the FERC grid proposal might have them peppering Perry with non-softballs. Rep. [Pete Olson](#) said Perry had grabbed "the tiger by the tail" and predicted it would be a "big" area of discussion from both parties. "I'm concerned because it appears to be picking winners and losers," he told reporters. "Every time we do that, it hurts the consumer."

**But first:** Perry is scheduled to speak this morning at a [Veterans in Energy](#) forum in Arlington, Va. this morning.

**DOE, PHMSA PICKS CONFIRMED:** Before heading out on a 10-day recess, the Senate confirmed by voice vote Howard "Skip" Elliott to run the Pipeline and Hazardous Materials Safety Administration and Bruce Walker to lead DOE's electricity delivery and energy reliability office. Lawmakers also cleared Timothy Gallaudet's nomination as No. 2 at NOAA by voice vote and passed a [resolution](#) declaring Thursday "Energy Efficiency Day."

**Not in the cards:** Confirmation of FERC chairman nominee Kevin McIntyre and Democratic commissioner pick Rich Glick. Senate Energy and Natural Resources Chairman [Lisa Murkowski](#) asked unanimous consent to approve the selections, but an unidentified senator objected. Murkowski, who has been pushing to get FERC to full complement this week, said on the floor she was "disappointed" after the objection.

**HELP THAT MESS IN TEXAS:** Gov. Greg Abbott, Sens. [John Cornyn](#) and [Ted Cruz](#) and all but three of Texas' House members [requested](#) \$18.7 billion in disaster funding be included in the next Appropriations package as the state continues its recovery from Hurricane Harvey. "We all recognize that the funding already appropriated is a small fraction of the federal resources needed to help rebuild Texas," they wrote.

**Not so fast?** House Majority Leader [Kevin McCarthy](#) indicated Thursday his chamber would take up the White House's \$29 billion [disaster aid request](#) next week but Republican Study Chairman [Mark Walker](#) said his influential bloc might oppose the package without corresponding spending cuts, Pro's Budget & Appropriations Brief's Sarah Ferris [reports](#).

**Seems unnecessary:** The Trump administration removed information about the status of drinking water and electricity access on Puerto Rico from FEMA's site, The Washington Post [reports](#). Government [figures](#) show 9.2 percent of the island now has electricity and 54.2 percent of people have potable drinking water. Meanwhile, Flint Mayor Karen Weaver released a [letter](#)

of support Thursday to San Juan Mayor Carmen Yulin Cruz sent earlier in the week.

**Over in Florida**, lawmakers are looking at potential ways to alleviate fuel shortages in the aftermath of hurricanes, but POLITICO Florida's Bruce Ritchie reports solutions may be elusive. That isn't stopping Democratic Sen. Bill Nelson, who filed legislation Thursday requiring DOE to create a gas supply reserve that would hold at least 1 million barrels of oil in two separate locations, Bruce and Sergio Bustos report.

**Veep alert!** Vice President Mike Pence is visiting the U.S. Virgin Islands and Puerto Rico today for an update on Hurricane Maria recovery efforts.

**BETTER LATE THAN NEVER?** As POLITICO reported was likely way back in March, the White House formally selected Faegre Baker Daniels attorney Andrew Wheeler to serve as No. 2 at EPA, Pro's Alex Guillén reports. Wheeler, a former staffer to Sen. Jim Inhofe and the EPW Committee, was formerly a registered lobbyist for coal producer Murray Energy but deregistered in an Aug. 11 filing. Hopefully, he'll keep participating in ME's trivia!

**REPORT: ENERGY-RELATED CO2 EMISSIONS DOWN:** Energy-related emissions of carbon dioxide fell 1.7 percent in 2016 — that's 89 million metric tons, according to an Energy Information Administration report out Thursday. Emissions have declined in six of the past 10 years and energy-related ones are down 14 percent from 2005 levels. Transportation-related carbon emissions rose in 2016, though emissions from the industrial, commercial and sectors were all down. Natural gas emissions surpassed those from coal in 2016, though the report notes "natural gas produces more energy for the same amount of emissions as coal."

**\*\* A message from Chevron:** We're piloting a program that uses drones to keep an eye on Chevron wells, tanks, and pipelines—all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> \*\*

**LAWSUIT THREATENED OVER MISSED OZONE DEADLINE:** A group of 14 state attorneys general threatened to sue EPA for missing an Oct. 1 deadline to decide which parts of the U.S. do or do not meet the 2015 ozone standard. They join a coalition of environmental groups, which vowed to sue Pruitt earlier this week.

**TAX OVERHAUL: BIOFUELS PRODUCERS LIKE THE PASSTHROUGH TAX BREAKS:** Like everyone, ethanol producers await the details of Republican tax overhaul plans, but they see at least one feature they like: the tax cut on passthrough businesses. The principles in the "Big Six" tax overhaul call for a reduction in the tax rate from 36.9 percent to 25 percent on taxes paid by businesses run by sole proprietors, partnerships, and "S Corps", commonly called "passthrough" businesses. "That's how our plants are mostly organized, we see this as potential positive for our members," said John Fuhrer, senior director for government affairs for Growth Energy, an ethanol producers group.

**FERC EYES NEW ENFORCEMENT CHIEF:** Two sources with knowledge of the plans tell Pro's Darius Dixon and Esther Whieldon that Skadden attorney John Shepherd Jr. is expected to become FERC's next enforcement chief. According to Shepherd's bio, his practice focuses on

market design, market power and market manipulation issues in the energy and natural gas markets. The timing of the announcement is not certain.

**GRIFFITH STEPPING INTO MURPHY'S E&C SLOT:** With embattled Rep. [Tim Murphy](#) opting Thursday to [resign from Congress](#) later this month, an Energy and Commerce aide tells ME Virginia Rep. [Morgan Griffith](#) is expected to become chairman of the panel's Oversight and Investigations Subcommittee.

**ASSUME E15 BILL DEAD (FOR NOW):** Both Senate EPW Chairman [John Barrasso](#) and bill sponsor [Deb Fischer](#) now say a measure [S. 517 \(115\)](#) that would allow year-round sales of higher blends of ethanol won't even get a committee vote this year, Pro's [Eric Wolff reports](#). Even with five committee members as co-sponsors, there wasn't sufficient support among panel members and a flurry of amendments threatened to go after bedrock environmental laws. "I think what happened [was] it looked like we were really going to do this. So we loaded the box up with every Clean Air Act amendment we could think of," a refining industry source who opposed the bill told Eric.

**MAIL CALL! GOP URGES DOI LEAK PROBE!** House Natural Resources Chairman [Rob Bishop](#) and Oversight Subcommittee Chairman [Bruce Westerman](#) sent a [letter](#) Thursday requesting a briefing and copies of written policies concerning unauthorized leaks at Interior. They point to four leaks over the past several months with documents not yet finalized. "Improper disclosure of internal agency information, however, both classified and nonclassified, is an unacceptable practice," they wrote. "It is vital that those responsible for unauthorized releases are held accountable."

**TWO THUMBS UP!** Sen. [Bill Cassidy](#), Barrasso and Murkowski wrote a [letter](#) Thursday to Perry to voice support for a proposed rule that would speed approvals of small-scale liquefied natural gas exports. DOE formally [proposed the regulation](#) on Sept. 1 and the comment period ends Oct. 16.

**ANOTHER PRUITT PROBE PURSUED:** Three senior House Energy and Commerce Democrats — [Frank Pallone](#), [Paul Tonko](#) and [Diana DeGette](#) — asked EPA's inspector general in a Thursday [letter](#) to investigate Pruitt's installation of a \$25,000 "privacy cube" in his office. "[Americans] have a right to know if Administrator Pruitt is wasting taxpayer money on duplicative and unnecessary purchases for his office," they wrote.

**HEARING ON FEDERAL STAFFING SOUGHT:** All House Oversight Democrats asked for a hearing to be scheduled on Trump administration efforts to downsize the federal workforce. Read it [here](#).

**KELLOGG VP SEEKING UPTON'S SEAT:** Democrat George Franklin, a vice president at Kellogg announced Thursday he'll seek Energy and Commerce Energy Subcommittee Chairman [Fred Upton](#)'s congressional seat, [WWMT reports](#). It remains unclear, of course, whether the incumbent Upton will seek reelection to the House, run for Senate or retire.

**RECORDS SOUGHT FOR PERRY'S TRUMP HOTEL SPEECH:** Citizens for

Responsibility and Ethics in Washington filed a FOIA request seeking all records and requests for reimbursement stemming from Perry's speech to the National Mining Association at the Trump Hotel earlier this week. Copy [here](#).

**MUSK'S BIG IDEA:** Elon Musk is open to helping rebuild Puerto Rico's electric grid. "The Tesla team has done this for many smaller islands around the world, but there is no scalability limit, so it can be done for Puerto Rico too. Such a decision would be in the hands of the PR govt, PUC, any commercial stakeholders and, most importantly, the people of PR," he [tweeted](#) Thursday. Gov. Ricardo Rossello [responded](#) on Twitter "let's talk" and said Puerto Rico could be Musk's "flagship project"

**ANTI-PIPELINE AD LAUNCHED IN VIRGINIA:** The Southern Environmental Law Center launched a \$200,000, three-week television [ad campaign](#) in Virginia opposing the Atlantic Coast Pipeline being pushed by Dominion Energy.

**HUNDREDS SEEK WILDFIRE FIX:** More than 200 groups [asked](#) congressional leadership to enact "a comprehensive solution to the wildfire suppression funding issue that addresses the borrowing issue and the erosion of budgets due to increasing wildfire suppression costs." They voiced support for bipartisan House [H.R. 2862 \(115\)](#) and Senate [S. 1842 \(115\)](#) bills.

## QUICK HITS

- Jerry Brown's California Dream: The Rolling Stone Interview. [Rolling Stone](#).
- US oil exports will keep booming after hitting record 2 million barrels a day, analysts say. [CNBC](#).
- U.S. Gulf oil producers curtail output ahead of Tropical Storm Nate. [Reuters](#).
- Interior Department rejects 25 endangered species petitions, including several linked to climate change. [Washington Post](#).
- EPA's Scott Pruitt prefers meeting with Republicans, just not on Mondays. [CNN](#).
- Worker dies at Kentucky coal-fired power plant. [AP](#).

## HAPPENING TODAY

9:00 a.m. — 2017 Veterans In Energy [Forum](#), NRECA, 4301 Wilson Blvd. Arlington, VA 22203

11:00 a.m. — Sen. Angus King holds a Senate Energy Committee field hearing in Searsmont, Maine on how combined heat and power and microgrid technology approaches can reduce industrial energy costs, watch [here](#)

## THAT'S ALL FOR ME!

**\*\* A message from Chevron:** This is a story about energy, safety, and some truly high-flyin' doin'. We're piloting a program that uses drones, HD imaging, and thermal mapping to help keep a close eye on Chevron wells, tanks, and pipelines—all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> \*\*

*To view online:*

<https://www.politicopro.com/tipsheets/morning-energy/2017/10/changing-the-math-on-the-clean-power-plan-024942>

## Stories from POLITICO Pro

### **EPA's climate rule withdrawal will include big changes to cost calculations** [Back](#)

By Emily Holden | 10/05/2017 08:47 PM EDT

The Trump administration will consider fundamentally limiting the way the federal government counts benefits from curbing climate change and air pollution in an upcoming proposal to rescind former President Barack Obama's signature climate regulation, according to multiple sources familiar with recent drafts.

In nixing the Clean Power Plan, EPA will suggest changing the benefits it counts, which would bolster its arguments that the rule's economic burdens would outweigh its gains from cleaner air, reduced illnesses and greater energy efficiency.

President Donald Trump has long vowed to erase Obama's restrictions on coal plants, and then announced he was pulling out of the Paris climate accord, so it's no surprise he plans to eliminate the rule. But the fine print will have big implications for the inevitable yearslong legal fights to come. It could anger environmental advocates while satisfying some industries and conservative states.

"It may seem like inside baseball, but this is going to set the tone," said John Larsen, a director at the analysis firm Rhodium Group. "We haven't seen the details of any sort of regulatory plan from this administration yet on climate."

EPA could release its withdrawal proposal in the coming days, while leaving the door open to eventually replace the rule with one that would pose minimal costs but provide few climate benefits, as POLITICO [reported](#) last month.

Among other changes, Trump's EPA will drastically alter how it uses the social cost of carbon, a metric for assigning a monetary value to curbing emissions. The agency will decline to consider any social or economic benefits the rule creates outside the United States — unlike the Obama administration, which included worldwide impacts in its calculations.

And it will count far fewer of the health benefits that might have come from reducing air pollutants that cause premature deaths, heart attacks and asthma hospitalizations.

Taken together, the sources say, the recalculations eliminate tens of billions of dollars of the rule's benefits, which Obama's EPA had contended would outweigh the costs of enforcing a faster shift away from coal-fired power. The new numbers could be meant to aid EPA Administrator Scott Pruitt's legal case for scrapping the rule.

The rule's supporters are already accusing Trump and Pruitt of promoting fake math. They say the administration is ignoring the reality that power companies are making the transition to green energy even faster than Obama anticipated.

"Like so many things, they seem to be completely ignoring what's happening in the real world," Janet McCabe, who led EPA's air office under Obama, said of Trump's team. "Every other story is about how costs are coming down, about how emissions are reducing, about how power companies are making choices to close their coal plants or run them less because they're so expensive."

David Doniger, climate director for the Natural Resources Defense Council, said that "the courts are going to look very, very hard at this kind of cooking of the books."

"There are two kinds of ways to get the law wrong, to play fast and loose with science and facts or with the economics, and you can lose for either or both reasons," he said.

But EPA spokeswoman Liz Bowman said that if anyone's numbers were questionable, it was Obama's.

"While it appears you are writing a piece based on rumors about CPP, the facts are that the Obama administration's estimates and analysis of costs and benefits was, in multiple areas, highly uncertain and/or controversial," she said in an email Thursday night.

The businesses and states that opposed Obama's regulation say it's about time EPA reconsidered the costs. For example, it's reasonable to count only the rule's U.S. benefits since Americans would be paying the costs, said Jeff Holmstead, an industry lawyer who was EPA's air administrator under former President George W. Bush.

The math surrounding the rule has long been a political lightning rod.

The Obama-era EPA said the rule would be a net gain for society because shifting to cleaner energy sources would slow climate change and reduce pollution-related illnesses, among other benefits. In contrast, studies financed by conservative groups estimated that the regulation would cost the economy hundreds of billions of dollars during the same time frame.

The rule sought to cut the U.S. power industry's carbon pollution 32 percent by 2030, compared with 2005 levels — and as of two years ago, the country was more than halfway there. The regulation was the centerpiece of Obama's pledge that the U.S. would fulfill its part of the 2015 Paris climate agreement.

Trump has since announced he's pulling the United States out of Paris, unless he can "negotiate"

a more favorable deal, and he's ordered EPA to undo a host of Obama-era regulations, chief among them the Clean Power Plan.

He has also directed his agencies to recalculate Obama's math on the social and economic impacts of climate change.

In a March [executive order](#), Trump disbanded an interagency team that had been working on revising the social cost of carbon.

He also told his agencies to revert to White House [guidance](#) from 2003, which directed regulators performing cost-benefit analyses to "focus on benefits and costs that accrue to citizens and residents of the United States." Any look at international implications should go into a separate report, the George W. Bush-era guidance said.

That "America First" approach to regulation is a big departure from Obama's methods, which considered the worldwide effects of reducing U.S. carbon pollution, but it will help Trump's EPA justify repealing the rule.

In the Clean Power Plan, the Obama administration had estimated that each metric ton of carbon dioxide imposes about \$40 of costs on society. That means the plan would yield about \$30 billion in global climate benefits by 2030 — but only \$2 billion to \$7 billion in domestic gains, less than the rule's estimated cost, according to the think tank [Brookings](#).

Experts who support the international strategy say going back is misguided. Michael Greenstone, the chief economist for Obama's Council of Economic Advisers in 2009 and 2010, [told lawmakers in March](#) that using a social cost of carbon that incorporates only U.S. benefits is "essentially asking the rest of the world to ramp up their emissions."

Noah Kaufman, an economist for World Resources Institute's climate program, said that "because climate change is a global problem, it requires a global solution."

"If countries try to solve it only for themselves, not taking into account how U.S. emissions affect the global community, and the global community doesn't consider how it affects us ... you're just never going to solve the problem," Kaufman said.

EPA will also refuse to count many of the health benefits that the Obama administration estimated would arise as side effects of reducing carbon emissions, the sources said. Specifically, Obama's regulators accounted for the fact that levels of sulfur dioxide, nitrogen dioxide and particulate matter — pollutants already regulated by other EPA rules — would decline along with the greenhouse gases.

In contrast, Trump's EPA won't count those ancillary reductions if the pollutants were already below levels that the agency has deemed safe in other standards.

Environmental advocates say that logic is wrong, because further curbing those pollutants means people will be even healthier. But Holmstead said that while it's legitimate for EPA to look at the

other pollutant reductions the rule might achieve, the agency shouldn't count them to offset costs.

The changes to the cost-benefit analysis will come in a regulatory impact analysis that aims to highlight a wide range of cost estimates for the rule. The analysis will accompany EPA's proposed rule for rescinding the Clean Power Plan and its advanced notice of proposed rulemaking on options to replace the regulation.

Obama's critics estimate the rule would force consumers to pay \$200 billion more by 2030 and saddle electricity customers with double-digit price hikes in many states, according to a [study](#) contracted by the conservative American Energy Alliance's Institute for Energy Research.

The Obama-era EPA and many academic institutions and think tanks have argued that the rule would cost far less, between \$5 billion and \$8 billion in 2030 by the agency's previous calculations. Plus, they have said, the social benefits of reducing carbon levels, slowing climate change and ratcheting down illness-causing air pollution would far offset the costs, achieving \$26 billion to \$45 billion in net benefits by 2030.

Advocates say costs are already proving to be even lower than expected as power companies move away from coal on their own.

The Institute for Policy Integrity at New York University School of Law this week released a [paper](#) compiling multiple studies that have found that Clean Power Plan compliance costs have fallen dramatically since the rule came out in 2015. That included an analysis from the American Petroleum Institute that estimated lower costs than EPA's original expectations.

"The takeaway from this should be, if we're going to do anything with the Clean Power Plan right now, given these trends we should be strengthening the goals," said Jack Lienke, an author of that paper and regulatory policy director for the institute. "Emissions can be reduced much more cheaply. That's a reason to set more aggressive targets, not to weaken targets or repeal them altogether."

*To view online [click here](#).*

[Back](#)

**White House seeks nearly \$30B in disaster aid package** [Back](#)

By Sarah Ferris | 10/04/2017 06:13 PM EDT

The White House this afternoon formally requested nearly \$30 billion in emergency funding for its ongoing recovery efforts in hurricane-battered regions like Puerto Rico, Florida and Texas.

In a letter to congressional leaders, the Trump administration asked for \$12.8 billion for FEMA's disaster relief fund, \$16 billion for the National Flood Insurance Program and \$576.5 million for the forest service's firefighting fund.

"We need the help of Congress to stabilize the affected communities and replenish dwindling and depleted funds," Office of Management and Budget chief Mick Mulvaney wrote. He said the money should be classified as "emergency spending," meaning it would not require spending offsets.

House and Senate appropriators immediately released statements in support of the White House's request and pledged to act quickly. House Appropriations Chairman [Rodney Frelinghuysen](#) (R-N.J.) said he would "put legislation forward as soon as possible."

Rep. [Nita Lowey](#), his Democratic counterpart on the panel, said she supported Trump's request for FEMA, but added it needed to go further.

"Congress should add to this request by appropriating funding for flexible Community Development Block Grants; rebuilding coastlines, roads, transit systems, airports, ports, and other infrastructure; small business loans; and repairs to military installations and other federal facilities damaged in the storms," said Lowey, of New York.

The White House's request had previously been [reported](#) by POLITICO.

*To view online [click here](#).*

[Back](#)

**RSC chief stakes opposition to hurricane relief without offsets** [Back](#)

By Sarah Ferris | 10/04/2017 10:50 PM EDT

The Republican Study Committee's chairman is threatening to oppose the next round of hurricane relief funding if Congress doesn't cut spending to cover the costs.

"We're going to come out strong for those to be offset," Rep. [Mark Walker](#) (R-N.C.) told POLITICO late Wednesday. "Just because Republicans are in charge doesn't mean deficits and debts no longer matter."

Walker said he has for weeks told fellow lawmakers, including those in leadership, to demand offsets. Now he is going public with his position as Congress considers the White House's new \$29 billion [disaster aid request](#).

Lawmakers are expected to vote mid-month on the fresh aid plan, which includes \$13 billion in Federal Emergency Management Agency funding that would not count toward Congress' annual spending limits.

GOP leaders have signaled there are likely to be more requests to come, and the price tag for hurricane recovery could total hundreds of billions of dollars.

So far, Congress has allocated \$15 billion in emergency funding since the three devastating storms began ravaging the U.S. and its territories with Hurricane Harvey's initial blow in late August.

Walker's demands are likely to incite a years-old fiscal fight within the GOP over whether emergency spending should add to the nation's deficit.

Prominent conservatives, including Vice President Mike Pence and House Speaker Paul Ryan (R-Wis.), have for years argued that disaster relief should be offset.

"Congress must ensure that a catastrophe of nature does not become a catastrophe of debt," then-congressman Pence said in a 2005 floor speech that has resurfaced in recent weeks.

In 2011, a similar demand by House conservatives brought the government to the brink of shutdown.

Walker proposes Congress consider reshuffling money from accounts like the Energy Department's loan program for manufacturing fuel-efficient cars.

This year, a majority of House Republicans already agreed to bend the pay-as-you-go requirement for the \$15 billion hurricane relief package (H.R. 601 (115)) enacted last month. Ninety Republicans, including Walker, opposed the legislation, which also funded the government through Dec. 8 and temporarily suspended the debt ceiling.

On future packages, Walker said he believes "the bulk" of the House's Republicans will join in opposition if there are no offsets.

The first emergency package was different, he argues, because it was an immediate response when "there were people's lives in the balance" and it "wasn't an overwhelming amount."

Walker stressed that he isn't planning to hold a disaster package "hostage" but wants to remind fellow Republicans that they, too, have campaigned against runaway spending.

"We just want to say, 'Hey, we're waving a flag out here,'" Walker said. "If we don't have the money, then is it not due diligence to go find out where money is being spent frivolously?"

*To view online [click here](#).*

[Back](#)

**Sources: Trump expected to tap Wheeler as EPA deputy [Back](#)**

By Andrew Restuccia, Alex Guillén and Anthony Adragna | 03/16/2017 08:00 PM EDT

President Donald Trump is expected to tap Andrew Wheeler, a coal lobbyist and former aide to Sen. Jim Inhofe, to be deputy administrator of the Environmental Protection Agency, sources familiar with the hiring process told POLITICO.

Sources cautioned that the decision has not yet been finalized, but they said Wheeler is expected to get the job. It's unclear when Trump will make the announcement, but one source said it could be weeks before Wheeler is officially tapped.

Wheeler worked as an EPA staffer earlier in his career. He later joined Inhofe's Senate office and then spent more than a decade as a Republican staffer on the Senate Environment and Public Works Committee, where he worked on several major pieces of legislation, including the 2005 and 2007 energy bills.

He has worked at the law firm Faegre Baker Daniels since 2009. He now co-leads the firm's energy and natural resources practice.

Wheeler is a registered lobbyist for Murray Energy, the nation's largest privately owned coal company, which regularly filed lawsuits against the Obama administration over its environmental regulations.

As a lobbyist, Wheeler may need to obtain a waiver to serve at the EPA.

Trump signed an executive order in January that bars registered lobbyists from participating in "any particular matter" on which they lobbied in the past two years. Those lobbying restrictions last for two years from the time the person joins the administration.

But the executive order says the administration can grant "any person a waiver of any restrictions" in its ethics and lobbyist requirements. Unlike an order signed by former President Barack Obama in 2009, Trump's executive order doesn't require public disclosure of the waivers.

Aside from Murray, Wheeler also lobbies on unspecified energy and energy efficiency issues for Underwriters Laboratories, an Illinois-based lab company, and on agricultural issues for cheese maker Sargento. His former clients include Xcel Energy and Bear Head LNG, as well as a cooking oil-recycling company, an auto auctioner and a medical isotope coalition.

Wheeler won't be the only energy lobbyist to join the Trump administration. Mike Catanzaro, a lobbyist at the firm CGCN Group whose clients included several fossil fuel companies, took a job at the White House last month as an energy and environmental adviser at the National Economic Council. Catanzaro is a former EPW staffer to Inhofe.

Meanwhile, EPA Administrator Scott Pruitt, a fellow Oklahoman, has also brought former Inhofe aide Ryan Jackson on as chief of staff. Byron Brown, a former Inhofe aide, is EPA's deputy chief of staff and Mandy Gunasekara, a former EPW counsel, is now a senior policy adviser to Pruitt.

More aides with ties to Inhofe are expected to join the EPA in the coming weeks. Susan Bodine

and Brittany Bolen, two EPA staffers, are widely expected to be offered jobs at EPA.

Wheeler, a White House spokeswoman and an EPA spokesman did not immediately respond to a request for comment.

*To view online [click here](#).*

[Back](#)

### **White House announces Wheeler pick for EPA deputy [Back](#)**

By Alex Guillén | 10/05/2017 03:52 PM EDT

The White House today nominated Andrew Wheeler to be deputy EPA administrator.

POLITICO [reported](#) in March that Wheeler was the leading contender for the job, which will help run day-to-day operations at EPA while the agency works to undo many Obama-era regulations.

Wheeler previously worked for Sen. [Jim Inhofe](#) and the Senate Environment and Public Works Committee. Since 2009, he has been an attorney at the law firm Faegre Baker Daniels, where he was a registered lobbyist for coal producer Murray Energy. Wheeler de-registered himself as a Murray lobbyist in an Aug. 11 [filing](#).

Wheeler will be at least the seventh political staffer with ties to Inhofe to land at EPA. Others include chief of staff Ryan Jackson, deputy chief of staff Byron Brown, adviser Mandy Gunasekara and Susan Bodine, the enforcement nominee who started working as an enforcement adviser to Administrator Scott Pruitt last month ahead of her Senate confirmation.

**WHAT'S NEXT:** The Senate Environment and Public Works Committee will likely schedule a confirmation hearing for Wheeler in the coming weeks.

*To view online [click here](#).*

[Back](#)

### **Sources: FERC enforcement critic in line to become enforcement chief [Back](#)**

By Darius Dixon and Esther Whieldon | 10/05/2017 04:29 PM EDT

Skadden attorney John Shepherd Jr. is expected to be named FERC's next head of enforcement, according to two sources with knowledge of the plans.

Shepherd co-authored a [paper](#) for the Energy Law Journal in 2010 calling for new due process

rules within the FERC enforcement office, which polices energy markets for manipulation, and has made headlines for levying multi-million dollar fines against firms like JPMorgan Chase and Barclays. Shepherd co-authored the paper with William Scherman, a former FERC general counsel who has been critical of the agency's enforcement work.

According to his [biography](#) on the Skadden, Arps, Slate, Meagher & Flom website, Shepherd's practice focuses on market design, market power and market manipulation issues in the energy and natural gas markets. His biography also highlights his success securing the "dismissal of a non-public investigation against a Midwest natural gas company for alleged capacity 'flipping' violations."

The sources said the timing of the appointment was not certain.

Reached by phone today, Shepherd said he had not been contacted about the position.

Last month, fellow Skadden attorney James Danly became FERC's general counsel.

*To view online [click here](#).*

[Back](#)

### **Tim Murphy resigns from Congress** [Back](#)

By Rachael Bade and Jake Sherman | 10/05/2017 04:06 PM EDT

Rep. Tim Murphy (R-Pa.), the embattled anti-abortion lawmaker who allegedly encouraged his lover to terminate a pregnancy, on Thursday announced his plan to resign from office later this month — just a day after announcing his plan to retire following the 2018 election.

The Pennsylvania Republican's about-face came after House GOP leaders and senior Republicans upped the pressure on Murphy to step down. Republican sources familiar with Murphy's thinking said the married father of one child initially believed he could weather a [story](#) in the Pittsburgh Post Gazette, revealing he had sent a series of text messages to his girlfriend — a psychologist half his age — encouraging her to have an abortion. Murphy has been a strongly anti-abortion lawmaker during his 15 years in Congress.

"This afternoon, I received a letter of resignation from Congressman Tim Murphy, effective October 21," Speaker Paul Ryan said in a statement. "It was Dr. Murphy's decision to move on to the next chapter of his life, and I support it."

But many senior Republicans did not believe Murphy could — or should — survive until the end of his term. Several top Republicans said Ryan, who met with Murphy Wednesday evening to discuss his future, also wanted him to step down.

GOP insiders also were worried that additional damaging stories could surface involving

Murphy and his office. The Post-Gazette revealed that his staff was in turmoil for years, with the congressman yelling at aides and throwing folders.

"As I said last night, the circumstances surrounding this situation are extremely disappointing to me," National Republican Congressional Committee Chairman Steve Stivers said in a statement.

But Stivers predicted that Republicans would easily hold Murphy's district, despite the scandal that destroyed the GOP lawmaker's career.

"The NRCC is undefeated in special elections this year and I'm supremely confident that will continue," the Ohio lawmaker said. "In the meantime, we look forward to seeing how national Democrats can spin yet another special election loss into a so-called moral victory."

The sudden furor surrounding Murphy brought a wave of detractors eager to tell of their mistreatment at his hands during his time in Congress.

Five former Murphy employees contacted POLITICO to share stories of inappropriate behavior by both Murphy and his chief of staff Susan Mosychuk. Those included tales of staff being berated as "worthless" and "stupid." Others told of being forced by Mosychuk to take the stairs instead of the elevators as punishments for underperforming.

Republicans believed the matter could become an ethics issue that would trigger an investigation and distract from GOP messaging. With Murphy set to resign in two weeks, any ethics probe would end as soon as he left office.

Throughout Wednesday, Murphy held a series of private meetings with other GOP lawmakers as he sought to save his career. Pennsylvania GOP Reps. Charlie Dent and Bill Shuster huddled with Murphy in his office on Wednesday afternoon, but would not discuss what was said following the private session.

By Thursday morning, Murphy began to understand those complications and had drafted a resignation letter.

Murphy's departure from Congress is expected to set off a scramble to replace him in what is a safe GOP seat. Democrats signaled that they have very low expectations of making a competitive run there.

"Pennsylvania's 18<sup>th</sup> Congressional District is a reliable Republican stronghold, but the grassroots energy behind Democrats has proven powerful this year, and we will be closely tracking this district and special election," said Meredith Kelly, communications director for the Democratic Congressional Campaign Committee.

In Pennsylvania special elections, the state central committees for both parties select primary nominees, rather than through a primary vote.

Pennsylvania Gov. Tom Wolf, a Democrat, will set the special general election date, which some

political operatives believe will occur on the same day as the regular primary date next May.

"I'd assume the governor would put it on primary election day of next year," said Mark Harris, a Republican consultant in the state. "If that's the case, there would be two ballots — a special election ballot and a primary ballot. In theory, a candidate could win the special election and another candidate could win the primary."

Two Republican candidates announced their bids on Thursday — state Sen. Guy Reschenthaler, a former judge and Iraq War veteran, and state Sen. Kim Ward. Local operatives also named state Rep. Rick Saccone, who's currently running for the U.S. Senate, as another potential candidate.

Three Democrats were already vying to take on Murphy before he resigned, including Pam Iovino, a veteran who picked up an endorsement from VoteVets on Wednesday. But Democratic operatives said they expect more candidates to jump in, naming Matt Smith, president of the Greater Pittsburgh Chamber of Commerce, state Rep. Dan Miller and Westmoreland County Commissioner Ted Kopas.

*John Bresnahan and Elena Schneider contributed to this report.*

*To view online [click here](#).*

[Back](#)

## **Bill to expand E15 ethanol dead for the year [Back](#)**

By Eric Wolff | 10/05/2017 03:36 PM EDT

A bill to allow year-round sales of higher blends of ethanol won't get a vote in the Senate Environment and Public Works Committee this year after it attracted amendments that targeted major environmental laws, Republican senators told POLITICO.

Both EPW Chairman [John Barrasso](#) (R-Wyo.) and Sen. [Deb Fischer](#) (R-Neb.), author of [S. 517 \(115\)](#), said it lacked the votes to get out of committee despite having five members as co-sponsors. A majority of the remaining Republicans opposed the measure, and Fischer failed to win the backing of at least six Democrats to get it through the committee. Fischer had previously decided against bringing the bill to markup in July.

Republicans like Sen. [Jim Inhofe](#) (R-Okla.), who opposed the bill, saw it as a chance to weaken the Clean Air Act, and industry sources said Democrats had a string of their own plans to try to address concerns about higher food prices and increased air pollution. The combined weight of the amendments under discussion ultimately sunk the bill.

"The original sponsor said the votes aren't there; I don't expect to see it this year," Barrasso said. Fischer agreed that the bill would not come up for a vote this year.

Ethanol producers have long argued that allowing year-round sale of gasoline with 15 percent ethanol would help increase the number of credits that refiners must use to comply with the Renewable Fuel Standard — and ultimately drive down prices. But the oil industry sees the RFS as "broken," and major producers have no interest in small tweaks, especially one that would cut into the sale of their product.

Fischer won committee time in May for her bill, which would waive a Clean Air Act provision that prevents summer sales of E15 in some states after a last-minute scramble for votes on a resolution to kill an Obama-era rule limiting methane leaks by gas producers. Barrasso agreed to give her bill a hearing and a markup vote in exchange for votes from Fischer, Sen. Chuck Grassley (R-Iowa) and other corn-state Republicans. The methane resolution ultimately failed.

Ethanol producers had hoped to sway Democrats by touting the fuel's lower greenhouse gas profile than gasoline, and the hope that allowing E15 to be sold all year would create higher demand for advanced biofuels with even lower emissions, a top concern for longtime RFS supporter Sen. Ed Markey (D-Mass.).

The committee also has five senators among its members thought to be considering running for the Democratic nomination for president in 2020: Sens. Bernie Sanders (I-Vt.), Cory Booker (N.J.), Kirsten Gillibrand (N.Y.), Kamala Harris (Calif.) and Jeff Merkley (Ore.). Ethanol remains a key issue in Iowa, and a "yes" vote could have been a boost to a primary bid.

But industry sources say that Democrats, along with the Sierra Club, which opposed the bill, had concerns about the potential for higher food prices and air pollution. A biofuels and a refining industry source said Democrats wanted an amendment to cap ethanol volumes if food prices ran too high, and some Democrats worried that the air waiver, which has to do with fuel evaporation provisions, would create air pollution problems.

Though Fischer had sought a rifle shot that would address only the Clean Air Act waiver, the legislation ultimately "ricochets all over the place," said a refining industry source who opposed the bill.

"I think what happened [was] it looked like we were really going to do this. So we loaded the box up with every Clean Air Act amendment we could think of," he said.

Inhofe had his sights on the Clean Air Act, and he had planned a host of amendments, including killing the Clean Power Plan and the Waters of the United States rule, and sunsetting the conventional biofuel requirement that is typically filled by ethanol. The amendments would be hard for Republicans to oppose but would have been virtually impossible for Democrats to support, if any got attached to the bill.

"We think it is very unfortunate that this bill has been caught up by unrelated issues," John Fuher, senior director for government affairs for Growth Energy, an ethanol group, said in a statement. "We continue to believe that this legislation is necessary, as it would lift an outdated, unnecessary restriction on retailers who want to offer their customers the choice of a cleaner,

more affordable fuel option year-round."

Oil groups who opposed the legislation were more upbeat.

"We are pleased that E15 waiver is not moving," said Frank Macchiarola, downstream director for the American Petroleum Institute. "We think it reflects a broad bipartisan consensus that, first, E15 is not ready for the market place, and second, the RFS needs to be addressed holistically with significant reforms based on free market fundamentals that protect the American consumer."

To view online [click here](#).

[Back](#)

Was this Pro content helpful? Tell us what you think in one click.				
<a href="#">Yes, very</a>	<a href="#">Somewhat</a>	<a href="#">Neutral</a>	<a href="#">Not really</a>	<a href="#">Not at all</a>

You received this POLITICO Pro content because your customized settings include: Morning Energy. To change your alert settings, please go to <https://www.politicopro.com/settings>

---

This email was sent to jackson.ryan@epa.gov by: POLITICO, LLC 1000 Wilson Blvd. Arlington, VA, 22209, USA

---