

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Thur 11/16/2017 10:44:16 AM
Subject: Morning Energy, presented by Chevron: U.S. speaks today in Bonn — Burr, Tillis won't support EPA nominee — Durbin lifts some Interior holds

By Anthony Adragna | 11/16/2017 05:42 AM EDT

With help from Darius Dixon, Alex Guillén, Sara Stefanini and Eric Wolff

FINDING TEA LEAVES TO READ: The top U.S. diplomat at an international climate summit is scheduled to deliver a closely watched speech today, as world diplomats attempt to tease out a firmer sense of where the country stands in the climate negotiations. Judith Garber, the acting assistant secretary for oceans, environment and science who stepped in at the last minute to lead the State Department delegation in Bonn, Germany, is not expected to promote the White House effort calling for developing countries to build more efficient fossil fuel-fired power plants. Garber is set to speak sometime in the mid-to-late morning in the U.S., and a webcast will be available [here](#).

World leaders who descended on COP23 Wednesday didn't dwell on President Donald Trump's intention to leave the landmark climate accord, focusing instead on the need for action, Pro's Emily Holden [reports](#) from Bonn. "The point is now to keep working [with] those that are in the agreement, those that are staying in the agreement, to walk forward, to walk fast and be able to implement Paris," said J. Antonio Marcondes, chief negotiator for Brazil. "The U.S. decision is the U.S. decision and it's up to them."

But some were worried about funding. "The U.S. team has been on the ground and they are working with us," said South Africa's Minister of Environmental Affairs Edna Molewa. "But the actual payment of the money they have committed already — it has to come." The Trump administration has said it would not pay what's left of the \$3 billion the Obama administration promised to the Green Climate Fund — while leaving open the possibility working with other countries or institutions like the World Bank to finance fossil fuel or nuclear plants.

A carbon tax on EU imports?: French President Emmanuel Macron called for the European Union to impose a border tax on carbon emissions, Sara Stefanini [reports](#) from Bonn. "We need a border tax to make it possible for us to protect imports from countries that do not protect our goals," Macron said in a speech at the summit.

Germany's coal problem: Chancellor Angela Merkel broached the uncomfortable topic of Germany's coal addiction at the summit, as talks to form a coalition government after the country's recent election get [down to the wire](#). "We know we have a long way yet to go," Merkel said in her speech. Still, coal has to make a "very important contribution" to cutting emissions, and how it does that will be discussed "very precisely" in the coming days, she said.

WELCOME TO THURSDAY! I'm your host Anthony Adragna, and the Pebble Partnership's Peter Robinson was first to identify former Rep. Austin Murphy as the person convicted of voter fraud at nursing homes. For today: Who was the other congressman, in addition to Dan

Rostenkowski, convicted in the Congressional Post Office scandal? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning_Energ](https://twitter.com/Morning_Energ), and [@POLITICOPro](https://twitter.com/POLITICOPro).

New for Pros! The Pro app brings real-time policy intelligence and customizable notifications to your smartphone and tablet. [Download the Pro app for iPhone and iPad](#) | [Get the Pro app on Google Play](#)

TROUBLE FOR EPA CHEMICAL NOMINEE: Michael Dourson is one vote away from seeing his nomination go down the drain. North Carolina Republican Sens. [Richard Burr](#) and [Thom Tillis](#) announced late Wednesday they would vote against confirming his nomination to lead EPA's chemicals office, according to the [Wilmington Star News](#). The senators cited their home state's water problems and Dourson's industry-friendly history. One more Republican defection would leave Dourson short of the support to clear the chamber, with Democrats expected to oppose him unanimously. Burr confirmed his opposition to ME: "I will not be supporting the nomination of Michael Dourson. With his record and our state's history of contamination at Camp Lejeune as well as the current Gen X water issues in Wilmington, I am not confident he is the best choice for our country."

Don't forget: Dourson is already working at EPA as a senior adviser to Administrator Scott Pruitt — a position that does not require him to go through Senate confirmation. Ethics groups said that was inappropriate when reports of the arrangement emerged last month, but EPA defended itself by pointing to other administrations that had brought on employees who were waiting to be confirmed. In fact, Pruitt began laying the groundwork to get Dourson into the building without waiting on the Senate even before his first committee hearing. Pro's Alex Guillén [lays out](#) the timeline, based on a newly FOIA'd document.

Senate EPW Ranking Member [Tom Carper](#) tweeted: "Dr. Dourson's nomination must be pulled, he should not remain in an unconfirmed role at [@EPA](#) and we must find a credible regulator who the American people can trust."

What's EPA to do? If it becomes clear Dourson doesn't have the votes, EPA would face criticism for circumventing the Senate's duty to provide advice and consent, but its other option would be to acknowledge hiring someone who couldn't clear a Republican Senate and fire him. Both seem super awkward. The agency didn't respond to request for comment.

**** 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/2zx6RdM> **

QUOTABLE: From former EPA transition official David Schnare at the Heartland Institute's gathering last week in Houston on a recording obtained by [The Washington Post](#):

- On getting allies in the administration: "There are ways to get names in, and we've used every door and window and crack in the wall we can use."
- On forcing EPA to challenge the endangerment finding using what conservatives have derided

as the "sue and settle" approach: ""If we come up with this case and say, well, this is what we want to do, and then we send a little note off to Scott Pruitt and say, 'We are going to sue you, would you like to sit down and talk.' It's not exactly sue and settle, it's just, 'We are going to sue your a--, and you ought to settle.'"

EPA WANTS TWO YEARS TO RECONSIDER COAL ASH RULE: EPA told the D.C. Circuit on Wednesday night that it would take until December 2019 to finish reconsidering a swath of technical issues in the coal ash rule. That answer may not please the court, which will hold oral arguments over the rule on Monday and has already once rejected EPA's request to pause that lawsuit in the meantime. EPA only just last week asked for a handful of issues be remanded for reconsideration, enraging environmental groups who noted the court date is so close. In a filing Wednesday night, EPA noted that it's already working on several provisions that were remanded back in June 2016, and said completing a review and potential rewrite of all the provisions in question would mean a proposal in September 2018 and finalization in December 2019.

EASY DOES IT: The National Association of Regulatory Utility Commissioners urged the Trump administration in a resolution approved Wednesday to tread carefully as it considers trade tariffs for imported solar panels, Pro's Eric Wolff reports. "NARUC is concerned that at least some of the requested trade protections could significantly increase the price of solar panels and therefore the cost of solar electricity generation," the resolution said.

YEAH I'M THE TAX MAN: House lawmakers expect to pass their tax package, H.R. 1 (115), today but that isn't stopping the flurry of groups pushing their priorities for the final product. Upset with reductions in value to the wind production tax credit, more than 200 companies in the wind industry asked House leaders to scrap an "unprecedented claw back" of the credit and stick to a phase-out deal reached two years ago.

Ahead of the vote: A roundup of the energy and environmental provisions in the legislation here.

Wither infrastructure? The House tax vote may also spell doom for Trump's hope for a trillion-dollar infrastructure package, Pro Financial Services' Colin Wilhelm reports. The bill eliminates tax preferences for private activity bonds, which support public-private partnerships similar to those Trump had pitched as a way to pay for infrastructure investments. "If that moved forward it would pretty substantially undermine the Trump infrastructure plan," said Michael Likosky, a principal at the infrastructure advisory firm 32 Advisors.

DURBIN LIFTS SOME HOLDS: After meeting with Secretary Ryan Zinke on Tuesday, Senate Minority Whip Dick Durbin lifted two of his holds on Interior nominations, your ME host reports. That may clear a floor path for Joseph Balash's nomination to be assistant secretary for land and minerals management and Brenda Burman's selection to lead Interior's Bureau of Reclamation. Durbin didn't offer details on Zinke's decisions on each national monument designation, but told reporters: "He went through his reasoning on each one of them." Five Senate Democrats attended the session, according to the Illinois Democrat.

DOE nominees announced: Trump announced Wednesday his selection of John Vonglis, a senior adviser with Cross Range Capital, a private equity firm in New York, as the Energy Department's chief financial officer, Pro's Darius Dixon [reports](#). He also tapped Melissa Burnison, currently the Nuclear Energy Institute's director of federal affairs, as the agency's head of congressional affairs.

TODAY'S FERC MEETING: This is expected to be Neil Chatterjee's last FERC meeting as chairman before Kevin McIntyre takes the gavel, and regulators have a few items of note on the agenda. Commissioners are slated to get their annual briefing on the agency's enforcement work, and they will consider a petition from NERC, the electric industry's reliability organization, to rework standards for detecting, assessing and limiting faults on the electric grid.

The agenda also includes the Millennium Pipeline Co.'s 7.8-mile Valley Lateral Project. FERC on Wednesday night [denied a rehearing request](#) from New York environmental regulators who were upset that [FERC overrode](#) their opposition to the pipeline. But that order did not appear to address a challenge to the underlying certificate that acted as FERC's initial green light, so commissioners may weigh in on that rehearing request today.

FERC on top? When Chatterjee met with reporters last week, he said he hoped that by the end of today's meeting he might be able to announce that FERC was "dug out from that backlog" that accumulated when it was without a quorum earlier this year. So...?

NEW PAGE: A [proposal](#) issued Wednesday by PJM Interconnection to alter its wholesale power market that is likely to lead to higher electricity prices in the region, Pro's Darius Dixon [reports](#). "We expect that under this proposal energy market prices — and therefore energy market payments — will go up," Stu Bresler, a PJM operations and markets executive, told reporters.

FLINT MAYOR TO MEET PRUITT: Fresh off beating back a recall attempt, Flint mayor Karen Weaver returns to Washington today for meetings with White House officials and Pruitt. "This is a significant step in our effort to communicate to White House officials what we still need in Flint to fully recover from the water crisis," she said in a statement.

McCASKILL PROBES GRID CONTRACTS IN PUERTO RICO: Senate Homeland Security ranking member [Claire McCaskill](#) sent a [letter](#) to the Army Corps of Engineers on Wednesday seeking additional information on four contracts the agency awarded for grid restoration work on Puerto Rico. Among her requests: How it awarded each of the four contracts, how they each relate to grid restoration contracts given out by the island's utility and what the terms of performance are for each of them.

Ahem, seems timely: McCaskill's letter comes as much of the island was left in the dark again Wednesday after a line repaired by Whitefish Energy under its now-cancelled \$300 million contract failed again, Mashable [reports](#). Puerto Rico Gov. Ricardo Rosselló set Wednesday as his goal of restoring power to half the island, which [government figures](#) showed he met.

INHOFE OKAY WITH CLIMATE STUDY: Sen. [Jim Inhofe](#), arguably the most ardent denier

of mainstream climate science, said he has no problem with a provision in the compromise version [H.R. 2810 \(115\)](#) of the National Defense Authorization Act requiring the Pentagon to detail threats posed by climate change to military installations. "Let's have it so we know if they really believe that [it's an increasing security threat to the United States]," he told reporters. "I didn't object at all to that."

FIAT CHRYSLER HIRES TSCA REFORM AUTHOR TO LOBBY ON EMISSIONS:

The American subsidiary of automaker Fiat Chrysler, has hired a bipartisan team of lobbyists from Holland & Knight, according to a newly filed [disclosure](#). They include Dimitri Karakitsos, a Republican former EPW aide who helped write the Toxic Substances Control Act reform bill, and Rich Gold, a former aide to then-EPA Administrator Carol Browner. FCA US is currently battling EPA allegations that the company sold more than 100,000 diesel vehicles equipped to cheat emissions tests.

MAIL CALL! BIODIESEL TO TRUMP: HIGHER VOLUMES, PLEASE: The National Biodiesel board is [calling on](#) Trump to ask EPA to set advanced biofuel and biodiesel volumes significantly higher than the agency proposed over the summer. "These base numbers contained in EPA's original, July proposal ... are themselves so low that, if finalized, they will halt the growth of the biomass-based diesel industry," the board writes.

— The National Association of Convenience Stores sent a letter to the Senate Finance Committee urging it "to retain the biodiesel tax credit as a blenders' credit and phase it out responsibly." Link [here](#).

SHOTS FIRED BACK: The Renewable Fuels Association is taking issue with a letter sent earlier this week by the Petroleum Marketers Association of America arguing the underground storage tank systems of many small businesses would be unable to handle higher percentage ethanol blends. "PMAA's claims that underground storage tanks at fueling stations cannot legally store gasoline containing 15% ethanol are grossly overstated, and their conclusion that the Renewable Fuels Standard (RFS) should thus be reduced is completely unfounded," Bob Dinneen, the group's head, said in [a letter](#) to EPW Chairman [John Barrasso](#). "There is no basis whatsoever to PMAA's claims and there is no legal justification for this group or any other to seek a reduction in ethanol volumes under the RFS."

NEWSPAPER SUES EPA: Bay Journal Media, Inc., publisher of the *Bay Journal* newspaper, filed [a lawsuit](#) against EPA seeking documents that might explain why the agency abruptly cut off grant funding to the newspaper that had been funded since 1991. "If this decision stands, it will leave a gap in Chesapeake Bay news coverage by threatening our ability to provide the public with information about how actions by the EPA, and others, may affect restoration efforts," editor Karl Blankenship said.

MOVER, SHAKER: Colin Hayes, who stepped down as Senate Energy staff director in September, will team up with Josh Lahey, a principal at the Podesta Group, to launch their own public affairs firm, called Lot Sixteen. The new firm will focus on energy work, but "it's absolutely going to be broader than that," Lahey said (h/t POLITICO Influence).

QUICK HITS

- Perry says renegotiating NAFTA needed because of U.S. energy bounty. [Houston Chronicle](#).
- Chemical Plant Owners Urged to Prepare for Worst-Case Flooding. [Wall Street Journal](#).
- Woman injured in pipeline protest still being investigated. [AP](#).
- OPEC Nears Meeting Without Clear Plan on How to Extend Cuts. [Bloomberg](#).
- Pence promises to bring Texas 'all the way back' from Harvey. [San Antonio Express-News](#).
- Internet Reacts to Interior Secretary Participating in Indigenous Hashtag. [Teen Vogue](#).

HAPPENING TODAY

8:30 a.m. — Progressive Policy Institute and Common Good host a Capitol Hill forum on "[Rebuilding America: What Are We Waiting For?](#)" The Reserve Officers Association Building, Symposium Center, 4th Floor, 1 Constitution Ave NE

10:00 a.m. — "[Successful Pre-Salt Auctions put Brazil's Oil & Gas Sector on Promising Path.](#)" Wilson Center, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW

12:00 p.m. — "Beyond Batteries: Grid-interactive Efficient Buildings," Alliance to Save Energy, Rayburn 2045

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/2zx6RdM> **

To view online:

<https://www.politicopro.com/newsletters/morning-energy/2017/11/us-speaks-today-in-bonn-025575>

Stories from POLITICO Pro

World leaders press climate case as poor countries decry loss of U.S. funds [Back](#)

By Emily Holden | 11/15/2017 03:13 PM EDT

BONN, Germany — Heads of state arrived at the international climate conference Wednesday to press ahead with negotiations on implementing the global pact, while developing countries warned the loss of U.S. money would imperil their ability to meet their goals.

Few world leaders dwelled on President Donald Trump's move to withdraw the U.S. from the Paris agreement, instead focusing on the need to set the rules for the pact.

But Germany's Chancellor Angela Merkel lauded the U.S. governors and mayors who traveled here to promote their efforts to curb carbon pollution despite the Trump administration's work to erase any trace of former President Barack Obama's climate actions.

"I very much welcome this," Merkel said. "It underlines the importance attached to climate change in broad swaths of American society, irrespective of the decision of President Donald Trump to leave the Paris agreement."

J. Antonio Marcondes, chief negotiator for Brazil, declined to comment on how the U.S. negotiators were influencing the talks other than to say "[w]e're working with them. We're talking with them. They are participating in meetings."

Countries were disappointed by the U.S. plan to withdraw from the Paris agreement, he said, but the talks were proceeding.

"The point is now to keep working [with] those that are in the agreement, those that are staying in the agreement, to walk forward, to walk fast and be able to implement Paris. The U.S. decision is the U.S. decision and it's up to them."

China's special representative for climate change, Xie Zhenhua, said the U.S. remained active in the talks and that China "hopes that the United States will continue to play a constructive role in those negotiations."

State Department negotiators in talks hadn't veered far from the positions held under previous administrations. And the White House hasn't sought to renegotiate terms already settled in Paris, raising hopes that the U.S. might ultimately alter its course and decided to remain a party to the deal after all.

Still, developing countries were worried about Trump's pronouncements that he won't fulfill Obama-era promises to fund climate action around the world.

"The U.S. team has been on the ground and they are working with us," said South Africa's Minister of Environmental Affairs Edna Molewa. "But the actual payment of the money they have committed already — it has to come."

The U.S. has contributed \$1 billion of the \$3 billion that Obama pledged to help poor nations fight climate change under the Green Climate Fund, but the Trump administration has said it would not pay the rest. The GCF funding, which the Paris deal says should rise to \$100 billion annually from 2020 to 2025, has long been a source of tension between industrialized nations that produced most of the carbon pollution over the past century and developing countries that are seeing their emissions now climb.

Asked whether the world should trust the U.S. after it has backed out of more than one climate agreement in recent decades, Molewa said the global community is "fairly concerned."

"That's why everybody is doing the level best to get all of us sobering up and really just thinking hard about what the world needs," she said. "The issue of climate change, the fight we are engaging in, is not about us only as individual countries, but it is beyond us. For humanity to survive, it is important that we all work together."

After a last-minute announcement that U.S. Undersecretary of State Tom Shannon would not attend the high-level segments of the talks because of a family emergency, acting Assistant Secretary Judy Garber is set to make the first big speech on behalf of the U.S. on Thursday. Like Shannon, she is a career State Department official, and she is not expected to promote the White House effort calling for developing countries to build more efficient fossil fuel-fired power plants.

Although the U.S. won't contribute to the GCF, Trump aides here say they're open to working with other countries to build coal, natural gas and nuclear plants. White House energy adviser George David Banks said the U.S. may band together with countries that may want coal plants but can't get financing for fossil fuels.

"It's come up a few times, but I don't know if we've had any sort of real international discussions or lengthy discussions with potential partners on that kind of arrangement," Banks said. "I would say that the administration is interested in the idea and would like to explore exactly what it means."

The White House may also initiate discussions with development banks, like the World Bank, about financing coal projects, he said.

The administration's coal pitch could cheer politicians from heavy coal-producing nations. Jerzy Buzek, the former prime minister of Poland and current chair of the European Parliament's Committee on Industry, Research and Energy, raised questions in Brussels last week about the financing necessary to transition off of fossil fuels.

"In the medium term, we still need huge investments also into existing systems," he told reporters in Brussels.

Buzek said he supports a transition to cleaner technologies but that it "is not very easy to achieve in all the regions of the European Union. In the regions with heavy industry — let's say coal- and carbon-intensive regions — it's not easy."

Banks said the administration also supports renewable energy but couldn't offer any evidence of how.

"The United States has been helping finance the deployment of renewable energy technologies, right? But it's essentially been a job program for China and for other countries," he said.

He said the White House is conducting a review of its renewable energy policies, but declined to offer details.

David Siders, Kalina Oroschakoff and Sara Stefanini contributed to this report.

To view online [click here](#).

[Back](#)

Macron to call for a carbon border tax and other climate measures [Back](#)

By Sara Stefanini | 11/15/2017 03:07 PM EDT

BONN, Germany — France will call on the EU to impose a border tax for carbon emissions and include environmental goals in its trade policy, among other efforts to reduce greenhouse gas emissions, President Emmanuel Macron said Wednesday.

"We need a border tax to make it possible for us to protect imports from countries that do not protect our goals," Macron said in a speech at the COP23 climate summit.

He also said France will work in the coming months on a "CO2 plan for Europe" to push the carbon trading price to €30 per ton.

"It will not be easy in any European country, there will be industrial groups who will ask for more time, say they won't be able to reach these goals," Macron said, adding that the plan will build on the "excellent" deal reached last week to reform the EU's Emissions Trading System from 2021.

"This agreement is in the right direction, but in the coming year it must be complemented with more action," he said.

Furthermore, France will support the development of electricity interconnectors with Germany, Ireland, Spain, Italy, Benelux and elsewhere to boost renewable energy use, Macron said.

France is "literally obsessed with reducing our greenhouse gases," he said, noting that it aims to close all coal-fired power plants by 2021.

That's why the government decided to drop a goal to reduce the share of nuclear power in France from 75 to 50 percent of the mix by 2025, Macron said, as closing nuclear plants would mean re-opening coal-fired power.

This article first appeared on [POLITICO.EU](#) on Nov. 15, 2017.

To view online [click here](#).

[Back](#)

EPA started hiring process for Dourson ahead of hearing, document shows [Back](#)

By Alex Guillén | 11/15/2017 05:18 PM EDT

EPA began laying the groundwork to get Michael Dourson onto the agency payroll without waiting for him to be confirmed — even before his nomination hearing occurred, according to documents obtained by POLITICO via a Freedom of Information Act request.

Dourson [joined](#) EPA as a senior adviser to Administrator Scott Pruitt sometime last month. On Sept. 20, Pruitt and EPA chief of staff Ryan Jackson signed Dourson's "[position description coversheet](#)," outlining his duties advising Pruitt on legislative and regulatory issues related to chemicals and pesticides. That was two weeks before Dourson's Oct. 4 hearing before the Senate Environment and Public Works Committee, though President Donald Trump nominated him in July as the assistant administrator for toxic substances. (In an apparent error, the document does not include Dourson's name, but was identified by EPA as Dourson's paperwork.)

The committee [approved](#) his nomination along party lines Oct. 25, but a Senate floor vote has not yet been scheduled. Dourson has drawn criticism over his past toxicology work for various companies, and some Republicans have indicated they have reservations.

EPA last month pointed out that previous administrations had hired nominees to begin working before their confirmation. The agency did not immediately respond to a request for a comment today.

Susan Bodine, who is awaiting a confirmation vote to become EPA's enforcement chief, also has already started at EPA. Pruitt and Jackson signed off on her job description July 12, according to a copy of the [document](#) obtained by POLITICO.

WHAT'S NEXT: It is unclear when Dourson may receive a final floor vote in the Senate.

To view online [click here](#).

[Back](#)

State power regulators oppose hefty solar tariffs [Back](#)

By Eric Wolff | 11/15/2017 05:50 PM EDT

The National Association of Regulatory Utility Commissioners today approved a measure asking the Trump administration to go easy on trade tariffs for imported solar panels.

The group, a trade association for public utility regulators, approved a [resolution](#) at its annual

meeting in Baltimore that said it "does not dispute" the U.S. International Trade Commission's finding that cheap imports from China and elsewhere harm U.S. manufacturing, but was concerned about potential trade barriers.

"NARUC is concerned that at least some of the requested trade protections could significantly increase the price of solar panels and therefore the cost of solar electricity generation," the resolution said.

The ITC sent its recommendations for tariffs and quotas to President Donald Trump on Monday. The Office of the U.S. Trade Representative is now taking comments on proposed remedies that it will present to Trump, who will make the final decision.

NARUC "urges the USTR, in its consideration of potential action, to carefully weigh the harm that could result to energy customers from increasing the costs of solar inputs across the country, and the potential challenges to achieving state renewable energy and greenhouse gas goals that may result from higher solar energy prices," the group said.

WHAT'S NEXT: The USTR will take comment until Nov. 20. Trump has until January to make a decision.

Emily Holden contributed to this report.

To view online [click here](#).

[Back](#)

Tax bill teed up for House vote [Back](#)

By Rachael Bade and Heather Caygle | 11/15/2017 01:15 PM EDT

House Republicans are set to pass a sweeping rewrite of the tax code Thursday, bringing President Donald Trump and the GOP closer to the major legislative win they so desperately want. And leadership apparently barely lifted a finger to whip votes this week.

Speaker Paul Ryan and his top lieutenants have been working behind the scenes on a few tax reform holdouts in recent days. But House Republicans think they've already got enough votes lined up — and have not needed to turn to Trump to flip opponents.

Republicans cleared a key procedural vote on the massive tax-cuts package Wednesday afternoon on a party-line vote. The final passage vote is expected soon after Trump rallies the GOP Conference at an 11:30 a.m. closed-door meeting in the Capitol on Thursday.

There's little room for error for Republicans. House Democrats have been working to keep their 194-member caucus together, not only to show unified opposition but to deny Republicans any opportunity to tout the bill as a bipartisan effort.

Massachusetts Rep. Richard Neal, ranking member on the Ways and Means Committee, has been keeping close tabs on the Democratic Caucus' most squishy members for months and recently redoubled his outreach to individuals who may be considering voting for the GOP plan. On Wednesday, House Minority Whip Steny Hoyer predicted that not a single Democrat will vote for the tax package.

"I don't think we'll lose anybody," Hoyer told reporters. "I think the consensus conclusion of almost every Democrat — pro-business Democrat, conservative Democrat — is that this bill is not good for the country, is not good for average working people."

White House sources say they're focusing all their energy on the Senate, with little concern about the House vote. The House whip team has not had to turn to the president to move people from "no" to "yes" — if only because most Republicans are so desperate for a legislative win. That's a shift from a few months ago, when Trump persuaded wavering House members to pass legislation repealing Obamacare.

Republicans can afford to lose only 22 GOP votes. Most of those opponents, House Republican sources say, will be lawmakers from high-tax states, including half the delegation from New York and most of New Jersey, and perhaps one or two from California. Those members' constituents could see a tax increase under the GOP plan because the bill axes their most prized tax break: the state and local tax deduction.

House Majority Leader Kevin McCarthy of California has been working to keep fellow California Republicans on board after Rep. Darrell Issa peeled off last week. It's unclear whether any other Golden State Republicans will join him in opposing the legislation, though sources say several are concerned about how the bill will affect their districts.

Issa told reporters Wednesday that he expects "two or three" California Republicans to follow suit.

Meanwhile, some conservatives are sulking over leadership's refusal to include a repeal of Obamacare's individual mandate in the tax bill.

GOP leaders originally argued that mixing controversial health care matters with taxes could kill the tax package, legislation they believe they must pass to save their majority in 2018. They speculated that the Senate would be unlikely to pass such legislation if the two were combined — particularly because the upper chamber failed to rally around a single Obamacare replacement proposal.

But on Tuesday, Senate Republicans added the mandate repeal to their bill, surprising House GOP leaders and causing envy among some rank-and-file House members. Republican Study Committee Chairman Mark Walker of North Carolina tried to persuade House leaders Tuesday night to add the mandate repeal to the House bill, offering an amendment cosigned by 60 House Republicans during a Rules Committee hearing to combine the two issues. Leaders rebuffed him.

Despite some unhappiness with the final House product, GOP leaders have been selling members on the House plan by arguing that the bill they pass Thursday will not be the final version that heads to Trump's desk. Ryan has promised lawmakers that the House will go to conference with the Senate — and that any outstanding concerns could be addressed at that time.

That argument appears to have won over a large swath of lawmakers. Conservatives who want the individual mandate in the bill are willing to wait. Others with more niche concerns — like preserving the historic tax credit to renovate older buildings, or changes they want made to the small business tax cuts — are similarly holding their fire.

That's still a few weeks away, as Senate Republicans are expected to vote on their tax bill after Thanksgiving. After Senate passage, GOP leaders in both chambers will appoint conferees to begin hashing out their differences, from the phase-in of the corporate tax cuts to how they handle high-tax areas.

House Democrats, meanwhile, are working to keep members unified in opposition to the bill.

The White House and Ways and Means Committee Chairman Kevin Brady had courted some Blue Dogs and other moderate Democrats since the spring, hoping to pick off a few when their bill eventually made it to the floor.

Neal has met with each coalition within the caucus in recent months from the pro-business New Democrats to the Congressional Progressive Caucus to get a read on members. And in the two weeks since the House GOP bill was first introduced, he touched base with members considering supporting the plan, working them on the House floor or coordinating with other messengers to talk to them.

In a coup for Democrats, the leaders of the centrist Blue Dog Coalition put out a statement Wednesday announcing their opposition to the bill. The group, whose 18 members were seen as the most likely defectors, cited the tax bill's deficit-busting numbers as the ultimate reason they decided to oppose the plan.

But privately, Democrats said they also were discouraged by Republicans' promises of bipartisanship before shutting them out of every part of the process.

"I think this is probably one of the most hypocritical bills that I've seen on the floor of the House of Representatives," Hoyer said. "It is one of the most fiscally reckless bills that has been presented. And I think there's a consensus in our party that that's the case."

To view online [click here](#).

[Back](#)

House tax bill slashes value of wind energy tax credit [Back](#)

By Eric Wolff | 11/02/2017 02:20 PM EDT

The House tax bill released Thursday would substantially reduce the value of a key wind energy incentive, tighten requirements on what renewable energy companies have to do to qualify for tax credits, extend a nuclear energy tax break, and restore support for clean energy technologies that had been "orphaned" from an earlier tax extenders law.

The bill also eliminates an electric vehicle tax credit and jettisons some little-used oil industry tax breaks — as well as getting rid of the more significant domestic production tax deduction enjoyed by oil companies and other manufacturers.

The wind industry was quick to condemn the changes to its tax treatment.

"Despite comments to the contrary, this proposal reneges on the tax reform deal that was already agreed to, and would impose a retroactive tax hike on an entire industry," Tom Kiernan, CEO of the American Wind Energy Association, said in a statement. "The House proposal would pull the rug out from under 100,000 U.S. wind workers and 500 American factories, including some of the fastest growing jobs in the country. We expect members of the House and Senate to oppose any proposal that fails to honor that commitment, and we will fight hard to see that wind energy continues to work for America."

Here are some highlights from the [text](#) and a [section-by-section summary](#) provided by the Ways and Means committee.

— **PTC cutbacks:** The bill would reduce the value of the Production Tax Credit to 1.5 cents per kilowatt-hour, the level it was set at in 1992, rather than indexing it for inflation. That would reduce its value far beyond the terms of a tax credit phase-out that was implemented with bipartisan support in 2015. Wind farms and other eligible projects that begin construction this year can now claim a 1.9 cents/kWh credit, down from 2.3 cents/kWh for projects that started last year. The credit is scheduled to disappear for projects built after 2019 under current law, a schedule maintained in the House bill.

Developers also would face tougher requirements to claim the credit, the value of which is determined by when construction begins. The House bill requires a "continuous program of construction" until a facility comes online in order to qualify for the credit, eliminating provisions of existing law that allow developers to make "safe harbor" investments to qualify. The Joint Committee on Taxation says eliminating the inflation-adjustment and tightening the construction requirements will save \$12.3 billion over 10 years, according to the bill summary.

— **ITC repealed after 2027, orphan credits revived :** The House bill extends the investment tax credit for a set of "orphaned" technologies left out of the 2015 legislation phasing out the ITC and PTC over five years. Fuel cells, small wind turbines, combined heat and power systems and microturbines can now claim the ITC until Jan. 1, 2022, with the credits phasing down at the same rate as the solar ITC. But what was to be a permanent 10 percent tax credit for solar investments will now terminate at the end of 2026. The House bill includes similar "continuous construction" requirements for the ITC as for the PTC. The changes would cost the government

\$1.2 billion in reduced revenues over 10 years, according to JCT estimates cited in the bill summary.

— **Advanced nuclear tax credit extended:** The bill extends a tax credit for advanced nuclear projects, allowing the secretary of Treasury to transfer unused credits after 2020, which was the in-service deadline under current law. The extension has long been a priority for South Carolina Republican Sens. [Lindsey Graham](#) and [Tim Scott](#), among others. The credits would cost \$400 million over 10 years.

— **Utilities keep interest deduction:** The bill would change how much loan interest some businesses can deduct from their taxes, while allowing them to take advantage of full expensing of capital investments. However, it excludes regulated utilities from the new rules, providing a win for the industry. Eric Grey, director of government relations for the Edison Electric Institute, a trade group, told POLITICO in September that losing the interest tax deduction was a major concern for utilities. Overall, JCT estimates the deduction-and-expensing changes would save the government \$172 billion over 10 years.

— **No more 199:** The House bill would eliminate the domestic manufacturing credit known as section 199. Current law allows certain oil and gas companies to claim a 6 percent tax deduction, and other manufacturers can claim a 9 percent deduction, but the House bill would strip section 199 from the tax code starting next year. Doing so would save \$95.2 billion over 10 years.

— **Minor oil credits repealed:** The bill repeals two small oil industry credits that have barely been used because they only kick in when commodity prices are low. Repealing the enhanced oil recovery credit would cost the government about \$200 million over 10 years, while eliminating the marginal well production credit would have no effect on revenues.

— **EVs lose credit:** The bill repeals a \$7,500 tax credit for electric vehicles. It is part of a slew of tax credits, along with a mortgage credit, and an adoption credit, that the bill proposes repealing. Repealing all of the credits would save \$4 billion over 10 years, but the summary does not include a JCT estimate for the electric vehicle credit alone.

— **Biodiesel, CCS missing:** An expired biodiesel blenders credit was not restored, something likely to become an issue in the Senate where Sen. [Chuck Grassley](#) wants it revived as a producers credit; and a credit for carbon capture and sequestration did not get in the text, despite having bipartisan support.

To view online [click here](#).

[Back](#)

Tax reform may doom Trump infrastructure plan [Back](#)

By Colin Wilhelm | 11/16/2017 05:01 AM EDT

The tax reform bill set to be voted on Thursday by the House of Representatives could kill any chance of the Trump administration's trillion-dollar infrastructure plan ever happening.

At best, House support for the plan would signal lukewarm backing among Republicans for President Donald Trump's ambitions. At worst, the bill would effectively end the funding structure that the administration touts as a way to reach its \$1 trillion target and minimize the burden on taxpayers.

The House bill ends tax breaks for private activity bonds, a key part of public-private partnerships in projects ranging from roads to low-income housing. The administration has said it wants to leverage those partnerships to reduce the direct cost of the president's building plan.

Private activity bonds leverage local or state government debt for a project deemed to be a public good but too expensive for that government to manage, so it arranges for a private entity to run it. Examples range from aquariums to water systems. Those bonds come with a tax exemption, as other municipal bonds do, on what they pay out to entice investors to buy them.

The White House did not comment on the change, but suggested that it would attempt to restore tax breaks for that type of infrastructure financing.

"We will continue working with Congress throughout the process to ensure that the President's priorities are reflected in the tax cut bill that reaches his desk," White House deputy press secretary Lindsay Walters said in an emailed statement to POLITICO.

Rep. [Bill Shuster](#) (R-Pa.), chairman of the House Transportation Committee, said he was concerned about repealing the tax exemption for those bonds.

"I don't know that there's a commitment" to restore the bond exemption between the House and Senate when they reconcile their bills. "There's a lot of money on the sidelines that comes into play, so I think it's something that would hopefully be put back in there."

Added Shuster: "The president's talked about doing these kinds of things, so it's not a helpful thing" for Trump's building plan.

Infrastructure experts agreed.

"If that moved forward, it would pretty substantially undermine the Trump infrastructure plan," said Michael Likosky, a principal at the infrastructure advisory firm 32 Advisors. "A large amount of infrastructure is financed through the tax code."

The head of the infrastructure financing desk for one major bank, who asked not to be named for fear of being seen as critical of Congress, said he viewed the tax reform provision as a sign of the House's rejection of Trump's infrastructure plan.

"Infrastructure is a lower priority for the House of Representatives as they've wrestled with tax reform," he said.

Matt Fabian, a partner at Municipal Market Analytics, estimated that 80 percent of the public-private partnerships that Trump would rely on to pay for new building use private activity bonds.

Elimination of such bonds would "effectively neuter" any infrastructure agenda that would use private financing, Fabian said.

The Joint Committee on Taxation, which does nonpartisan economic and budgetary analysis for Congress, estimates that eliminating those bonds would raise almost \$40 billion over 10 years, which would help make up for lost revenue from tax cuts made by the House reform bill.

Republicans need to meet strict budget requirements to pass tax reform along a party-line vote in the Senate.

Unless Trump can create an unlikely alliance of Democrats and Republicans to pass \$1 trillion in new infrastructure spending, repeal of the bonds could effectively end those hopes. That may set up a high-stakes fight to save the exemption if the House and Senate have to agree on unified tax reform legislation.

Shuster and other infrastructure spending supporters hope that the issue will be fixed, in part because the Senate's version of tax reform includes the private activity bond exemption. But the Senate tax bill is already over the budgetary limit for money the government may lose under the tax reform bill it's considering. That makes it more likely that provisions repealed by the House to fit those budgetary requirements will be included in a final product.

Even Republican supporters of private activity bonds sounded pessimistic.

"Finding revenue, finding the scorer space, it's an inside-D.C./Beltway problem; but it's the reality of the legislative sausage-making process that we're dealing with, and so finding the revenue is one of the difficult questions that has to be answered," said Rep. [Tom Reed](#) (R-N.Y.). "Even after tax reform, we're not going to give up the fight, because I believe in these types of programs."

Likosky and other infrastructure financing experts expected major municipal bond market distortions for the remainder of the year, due to a rush to market for private activity bonds before they would be repealed by the House bill.

"The muni market itself would shrink accordingly," Fabian said, and federal government aid to assist those programs would likely need to increase to offset it. Airports, hospitals and other institutions reliant on private activity bonds may increase costs to individuals to make up for the shortfall if that federal aid didn't come.

Fabian said he expected projects important to the constituencies of many Republicans, like rural hospitals, small religious universities and charter schools, to be hit particularly hard by loss of the bonds.

According to Chris Hamel, head of the infrastructure investment group for Royal Bank of Canada, a portion of low-income housing construction would also likely stall out. According to RBC, private activity bonds financed over \$4 billion worth of low-income housing projects in 2016.

But some view private activity bonds skeptically as government subsidization and see no problem killing them, regardless of the impact on Trump's infrastructure ambitions.

"What it does is dries up another revenue source with regard to that particular form of infrastructure," said Rep. [Mark Sanford](#) (R-S.C.), who sits on the House Transportation Committee. "But I think that there is fairly unanimous consent, within at least the House [Republican] conference, that they need to go."

Multiple members said they have yet to hear much pushback on the repeal from the White House, either, suggesting a potential abandonment of the private financing route for Trump's infrastructure plan.

"I think that's been a valuable tool," said Rep. [Pat Tiberi](#) (R-Ohio), a Ways and Means member. "If there is some abuse, which some say there has been, I would be for trying to limit [the private activity bond tax exemption's] scope. If it ends up being repealed, I think it will have an impact on the housing market."

To view online [click here](#).

[Back](#)

Durbin lifts some Interior holds after Zinke meeting [Back](#)

By Anthony Adragna | 11/15/2017 03:13 PM EDT

Senate Minority Whip [Dick Durbin](#) told reporters today he's lifting holds on two Interior nominees after a meeting Tuesday in which Secretary Ryan Zinke walked five senators through his decisions on national monument designations.

"He went through his reasoning on each one of them," Durbin (D-Ill.) said. "I thought it was terrible reasoning on Bears Ears." He didn't offer further details.

Also attending the meeting with Zinke were Democratic Sens. [Catherine Cortez Masto](#) of Nevada, [Martin Heinrich](#) of New Mexico, [Jeff Merkley](#) of Oregon and [Tom Udall](#) of New Mexico, according to Durbin.

A spokesman clarified Durbin lifted his hold on Joseph Balash's nomination to be assistant secretary for land and minerals management and would also lift his hold this afternoon on Brenda Burman to lead Interior's Bureau of Reclamation.

Durbin and Zinke got into a [war of letters](#) last week over holds on two additional nominees besides Balash and Burman: Ryan Nelson to be agency solicitor and Susan Combs to be Interior's assistant secretary for policy, management and budget.

WHAT'S NEXT: Lifting the holds could clear the way for fast floor consideration of Balash and Burman.

To view online [click here](#).

[Back](#)

White House announces picks for DOE CFO, congressional affairs [Back](#)

By Darius Dixon | 11/15/2017 05:54 PM EDT

President Donald Trump intends to nominate John Vonglis as the Energy Department's chief financial officer, and Nuclear Energy Institute official Melissa Burnison as the agency's head of congressional affairs, the White House announced today.

Vonglis is a senior advisor with Cross Range Capital, a private equity firm in New York. He has previously held positions with Red Apple Group, The Hudson Group and IBM. During the George W. Bush administration, Vonglis, a colonel in the Army Reserve, served in the Department of Defense in various roles, including acting assistant secretary for financial management and the chief management officer of the Air Force. He also ran for a House seat in 2000, the White House states.

Burnison, who will be nominated as the DOE assistant secretary for congressional intergovernmental affairs, is NEI's director of federal affairs. Before NEI, she was a senior advisor at DOE and with the House Natural Resources Committee. According to the White House, she began a career on Capitol Hill with Sen. [Mitch McConnell](#), of her home state of Kentucky, and worked for former Tennessee Rep. Zach Wamp.

WHAT'S NEXT: The White House must formally nominate the picks and send their paperwork to the Senate before the Senate Energy and Natural Resources Committee will hold a hearing.

To view online [click here](#).

[Back](#)

FERC overrules New York's pipeline project rejection [Back](#)

By Darius Dixon | 09/15/2017 01:32 PM EDT

FERC [cleared the way](#) today for a natural gas pipeline in New York, ruling the state had taken

too long to issue its rejection of the project — a decision today that may signal how Washington could curtail states' efforts to stall energy infrastructure projects.

FERC's three sitting commissions ruled in favor of the Millennium Pipeline Co.'s 7.8-mile Valley Lateral Project, saying the New York Department of Environmental Conservation had waived its right to determine whether the project met CWA requirements because it had wrongly interpreted when the law's one-year review period for the application had started.

The NYDEC argued that its clock to review applications starts when it deems the paperwork complete — a date that was delayed by two state requests for additional information in Millennium's case. But FERC decided the one-year period started when the application was initially received by state regulators in 2015, making New York's rejection of the water quality clearance on Aug. 30 invalid.

"Giving effect to the plain text of a statute, the one-year review period began November 23, 2015, the date that New York DEC received the application," FERC's order states.

The new pipeline is designed to connect Millennium's mainline to the proposed CPV Valley Energy Center.

WHAT'S NEXT: New York can challenge FERC's interpretation in at the agency and request that a federal court issue an injunction on construction.

To view online [click here](#).

[Back](#)

PJM floats market plan that would boost power prices [Back](#)

By Darius Dixon | 11/15/2017 05:16 PM EDT

The PJM Interconnection issued a proposal today to alter its wholesale power market that is likely to lead to higher electricity prices in the region.

"We expect that under this proposal energy market prices — and therefore energy market payments — will go up," Stu Bresler, a PJM operations and markets executive, told reporters on conference call this afternoon.

While payments to power plants that participate in PJM's capacity markets would likely go down, he said, "the net impact in the total, combined energy and capacity markets, costs will be [up] somewhere between around 2 and 5 percent."

PJM's plan would allow power plants that can't quickly alter their output, like nuclear generators, to set market prices.

"When the cost of an inflexible unit that is needed to serve demand is precluded from setting price, the [local price] does not accurately reflect the true incremental cost to serve load," PJM's [proposal states](#).

Second, the proposal would increase the window for the market's so-called shortage pricing, a period when power payments are higher because of a lack of generating capacity. Shortage pricing currently doesn't kick in until the 10 minutes before a potential shortfall, but PJM wants that increased to 30 minutes.

Bresler emphasized that PJM's proposal was under development long before Energy Secretary Rick Perry's grid resiliency proposal.

"We don't think we have the issue that the DOE seems to think we have," Bresler said, noting that PJM has been working on pricing issues for a year.

WHAT'S NEXT: Bresler said that a panel within PJM would start looking at the proposal on Dec. 7 but the plan is unlikely to get to FERC until fall 2018.

To view online [click here](#).

[Back](#)

Was this Pro content helpful? Tell us what you think in one click.				
Yes, very	Somewhat	Neutral	Not really	Not at all

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
