

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Bloomberg BNA
Sent: Tue 6/6/2017 8:00:35 PM
Subject: [SPAM] June 6 -- Energy and Climate Report - Afternoon Briefing



Energy and Climate Report

Afternoon Briefing - Your Preview of Today's News

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night.

Senate Panel Advances FERC, Interior, Energy Nominees

Posted June 06, 2017, 12:39 P.M. ET

By Alan Kovski

A Senate committee voted June 6 to advance two nominations for the Federal Energy Regulatory Commission, a step toward restoring the quorum the commission needs to make basic decisions on electric grid regulation, natural gas pipeline projects and more.

The votes of the Senate Energy and Natural Resources Committee for Neil Chatterjee and Robert Powelson to be FERC commissioners were by identical lopsided margins of 20-3, possibly reflecting the commission's relatively unpoliticized nature.

The committee also voted 14-9 to support the nomination of David Bernhardt to be deputy secretary of the Interior Department and 17-6 for Dan Brouillette to be a deputy secretary of energy.

Welcoming the FERC nomination votes, Don Santa, president of the Interstate Natural Gas Association of America, said in a statement, "We estimate that about \$14 billion in private capital—ready to be deployed on energy infrastructure projects—is being held on the sidelines while FERC lacks a quorum and cannot act on major projects."

Votes by the full Senate have not yet been scheduled for the nominees.

Cantwell Opposes Bernhardt

Sen. Maria Cantwell (D-Wash.), ranking member of the committee, opposed Bernhardt out of concern for what she called the risk, or at least the appearance, of conflicts of interest because of his work as an attorney for energy, water and mining companies.

He has represented energy companies including Noble Energy Inc., Cobalt International Energy Inc., NRG Energy Inc. and Sempra Energy (parent of San Diego Gas & Electric utility and Southern California Gas Co.), among others. Their work intersects Interior regulation in various ways, such as when Noble Energy or Cobalt seek to produce oil and gas in the Interior-regulated federal offshore.

Cantwell criticized him for having helped sue the Interior Department on behalf of clients, including the Westlands Water District, a large water distribution district that relies on contractual water

supplies controlled by the Bureau of Reclamation, an Interior agency.

Bernhardt has promised to avoid participation in decisions affecting former clients for two years, Cantwell said, but she took the position that the revolving door of government and private-sector employment made the two-year restraint inadequate.

Cantwell also reminded listeners that Bernhardt had been Interior counselor during the administration of President George W. Bush, during which controversies emerged over staff misbehavior and a political appointee tampering with the wording of scientific assessments.

"I know there is no evidence Mr. Bernhardt personally participated in these activities," Cantwell added.

Murkowski Likes Four, Seeks More

Sen. Lisa Murkowski (R-Alaska), chairman of the committee, had brief words of praise for all of the nominees. She and Cantwell were the only senators who spoke at the hearing.

"I believe all four of these nominees are capable, competent, and well-qualified for the roles that they have been selected for," Murkowski said.

She was critical of the slow pace of nominations from the Trump administration, however. "I don't think that's an acceptable pace," she told reporters after the votes.

Chatterjee, a long-time energy staffer for Senate Majority Leader Mitch McConnell (R-Ky.), and Powelson, the president of the National Association of Regulatory Utility Commissioners and a member of the Pennsylvania Public Utility Commission, were nominated for FERC terms expiring in 2021 and 2020, respectively.

Brouillette is senior vice president of the United States Automobile Association, an organization providing financial services to military personnel, veterans, and their families. Before that he was a vice president of Ford Motor Co. He served in the Energy Department in the George W. Bush administration as an assistant secretary of energy for congressional and intergovernmental affairs from 2001 to 2003.

He previously worked in Congress for the House Energy and Commerce Committee and for lobbying firms, including FleishmanHillard Inc. His clients at that firm included Entergy Corp., Allegheny Energy Inc. and Peabody Energy Corp., according to OpenSecrets.org, a project of the Center for Responsive Politics that tracks money in politics.

Paris Climate Deal Needs New Rules and Clarity, Scientists Say

Posted June 06, 2017, 11:33 A.M. ET

By [Jonathan Tirone](#)

The Paris climate accord needs to be strengthened through new negotiations and national commitments to transparency, scientists argued in a report.

Uncertainty about the pledges made by almost 200 countries in the landmark climate deal means the world could fail to mitigate runaway global warming, according to the report by six scientists

published June 6 in the journal Nature Communication.

“In many cases the actions described in these pledges are ambiguous or imprecise,” wrote Joeri Rojelj, the lead author of the paper titled “Understanding the Origin of Paris Agreement Emission Uncertainties.” The scientists urged countries to implement a “robust process that keeps track of where emissions are heading.”

While President Donald Trump expressed willingness to negotiate a new version of Paris the agreement, the steps urged in the study are unlikely to gain traction in Washington. Trump derided the agreement’s framework of voluntary emission cuts as being unfair to American workers. The scientific study wants the accord strengthened by imposing even more accountability.

To keep temperature rises well below 2 degrees Celsius (3.6 degrees Fahrenheit), the scientists argue that countries need to streamline and remove uncertainties from pledges called “nationally determined contributions.”

“Some pledges focus on improving ‘emissions intensity,’ meaning reducing the emissions per dollar of economic output, but assumptions about socioeconomic growth are often implicit or unknown,” said Rojelj, who advises the United Nations and researches at the International Institute for Applied Systems Analysis outside of Vienna.

“Other countries focus on absolute emissions reductions, which are simpler to understand, or propose renewable energy targets, which can be expressed in different ways,” he said. “Questions also remain about how much land-use-related climate mitigation will contribute, such as reducing deforestation or preserving forests.”

Countries will need to improve their reporting by 2030 or risk having to increase emission reduction targets by factors of four to 25 thereafter, according to the report.

©2017 Bloomberg L.P. All rights reserved. Used with permission

Google, Facebook Join Cities in Challenging Trump on Climate

Posted June 06, 2017, 8:40 A.M. ET

By [Joe Ryan](#)

Alphabet Inc.’s Google, Microsoft Corp. and Facebook Inc. are among dozens of companies that pledged their support for policies combating climate change following President Donald Trump’s decision to withdraw from the Paris accord.

The “We Are Still In” coalition also features nine states, including California and New York, scores of universities, and leaders of 125 cities from Los Angeles to Chicago, according to a [statement](#) released June 5.

The initiative is an attempt to coordinate the widespread backlash to Trump’s withdrawal from the landmark environmental agreement. Many of the companies and politicians who signed up have been advocating for months for the U.S. to uphold its climate change commitments. The statement is intended to demonstrate to other nations that U.S. businesses and local governments remain on board, no matter what the president does.

“We remain steadfastly committed to the sustainability, carbon and energy goals that we have set as a company and to the Paris Agreement’s ultimate success,” Microsoft President Brad Smith said in the statement.

UN Letter

Former New York City Mayor Mike Bloomberg, founder and majority owner of Bloomberg LP, the parent company of Bloomberg BNA, submitted a letter June 5 to UN Secretary General Antonio Guterres, expressing support for the Paris accord on behalf of the group. Bloomberg also plans to work with cities, states and businesses to set a collective emissions-cutting goal to submit to the UN as “America’s Pledge” under the Paris accord.

Trump, who has called climate change a “hoax,” campaigned on the pledge to exit the 2015 pact, saying it damaged America’s economic competitiveness. Last week, he announced his intention to withdraw, saying the deal favors other nations at the expense of American workers.

In response, the governors of New York, California and Washington state announced plans to form a coalition to fight global warming and more have since signed up. Dozens of [mayors](#) from cities including Boston, Seattle and Cleveland vowed to do the same.

The Paris accord is broader than any previous climate agreement. It calls for nations to voluntarily reduce carbon dioxide emissions in hopes of limiting global warming to 2 degrees Celsius (3.6 degrees Fahrenheit) above temperatures at the outset of the Industrial Revolution.

—With assistance from Dave Merrill.

©2017 Bloomberg L.P. All rights reserved. Used with permission

California Biodiesel Credits on Hold as Court Orders New Analysis

Posted June 06, 2017, 7:01 A.M. ET

By [Carolyn Whetzel](#)

Biodiesel producers are going to have to wait a little longer to get more California credits under the state’s low-carbon fuel standard.

That’s because California’s analysis of biodiesel-related emissions associated with the fuel standard still falls short, leaving the state in violation of its environmental review law, a state appellate court ruled, ordering a redo of the analysis—again.

But, companies can still get federal credits for selling their fuel in California, an environmental attorney said.

The [decision](#) comes in a lawsuit challenging the California Air Resources Board’s 2015 effort to correct the same flaw the state’s Fifth Appellate District found in 2013.

CARB’s re-adoption and revisions to the low-carbon fuel standard “did not cure” the California Environmental Quality Act violation it was ordered to correct the first time, the court said. The California Superior Court shouldn’t have “discharged the writ of mandate,” the May 30 majority opinion said.

The May 30 ruling means the biodiesel portion of the low-carbon fuel standard is blocked until CARB does the nitrogen oxide analysis again, David Pettit, a Natural Resources Defense Council attorney and intervenor in the case, told Bloomberg BNA June 5 ([POET LLC v. CARB](#), Cal. Ct. App., F073340, 5/30/17).

The court wants CARB to look at the nitrogen oxide emissions since 2009, and identify how much of the increase in emissions is due to the low-carbon fuel standard and then attributable to the federal biodiesel incentives, Pettit said.

“That means California credits for biodiesel are on ice until then,” Pettit said.

POET LLC, a South Dakota corn ethanol producer, filed the lawsuits challenging the initial fuel standard and the 2015 replacement regulation.

“This decision will require regulators to sit down, take a look at the science and finally get this right so there is a full range of renewable options available to California drivers who care deeply about their health and their climate,” the company said in a prepared statement.

CARB didn’t respond to Bloomberg BNA’s request for comment on the court order.

NuScale CEO: Energy Department Must Keep Funding Small Reactor

Posted June 06, 2017, 11:32 A.M. ET

By [Rebecca Kern](#)

The Energy Department must keep its public-private funding commitment to NuScale Power LLC, which is developing the country’s first small modular nuclear reactor, the company’s CEO said June 6.

“We need our government on our side to finish what we started in 2013 with the SMR licensing and technical support program award,” NuScale CEO John Hopkins said at the U.S. Nuclear Infrastructure Council’s Global Nuclear Energy Markets summit in Washington.

But the Trump administration’s fiscal year 2018 budget proposal doesn’t include any Energy Department funding to research small modular reactors or advanced nuclear reactors.

NuScale’s small light-water nuclear technology is under review at the Nuclear Regulatory Commission. The company received a \$217 million funding award from the Energy Department in 2013, which will last until fiscal year 2017. Fluor Corp., which bought NuScale in 2011, has invested approximately \$400 million to date in the technology.

“So I need to figure out how to get through 2018,” Hopkins said. “This is a public-private partnership. We’ve got to keep things moving forward.”

“As long as the business model continues to stay, I just met with the Fluor board, and they’re willing to invest,” but we need the government to stay behind it as well, he said.

NuScale submitted its design certification application to the NRC in January, and expects an approximately 3.5-year review. The company aims for its first reactor to be licensed and operational in

2025-2026 at the Idaho National Lab, Hopkins said.

NuScale's small, 50-megawatt reactors can be scaled up to 12 reactors generating up to 600 megawatts of electricity. The company says they will be quicker to build and potentially less costly than traditional large-scale nuclear reactors now on the market.

Hopkins said Energy Secretary Rick Perry told him in a recent meeting that he supported the technology.

David Vitter Tackles Energy Issues at New Orleans Law Firm

Posted June 06, 2017, 11:30 A.M. ET

By [Rachel Leven](#)

Former Sen. David Vitter (R-La.) has joined Butler Snow LLP to work on energy issues, the law firm announced June 6.

Vitter, who served as ranking member of the Senate Environment and Public Works Committee from 2013 to 2015, will practice law in the firm's New Orleans office. He will also keep his job as co-chairman of Mercury Public Affairs, where he is registered to lobby the Trump administration on behalf of the American Chemistry Council and others.

"David has a long and successful track record as a legislator and political leader," Donald Clark, Jr., chairman of Butler Snow, said in a statement. "His significant experience, especially in helping lead major public policy and economic development initiatives, makes him a really valuable addition to Butler Snow in Louisiana."

Vitter left the Senate following a failed run to be Louisiana's governor. He served in the House from 1999 to 2005 and Senate from 2005 to 2017, and is known for his leading role in helping pass legislation including a landmark chemical law—the Frank R. Lautenberg Chemical Safety for the 21st Century Act (Pub. L. No. 114-182)—and for holding up then-President Barack Obama's nominee to be EPA administrator, Gina McCarthy, for more than 100 days due to transparency concerns.

Historic California Gas Leak Spurs Boom in Big Batteries

Posted June 06, 2017, 9:13 A.M. ET

By [Joe Ryan](#)

Installations of large-scale energy-storage systems surged to record levels during the first quarter as power companies and state officials pushed to better incorporate electricity from wind and solar farms.

U.S. homes and businesses—mostly utilities—installed storage systems with 234 megawatt-hours of capacity during January, February and March—more than 50 times the amount installed a year earlier, according to a study released Tuesday by [GTM Research](#) and the Energy Storage Association.

The lion share of installations were in Arizona, Hawaii and California. A key driver in the Golden

State was the continued closure of the Aliso Canyon gas field—site of the biggest leak in U.S. history—which prompted Sempra Energy’s San Diego Gas & Electric Co. and Edison International’s Southern California Edison to installed powerful batteries to make up for anticipated electricity shortfalls. Despite the robust start, storage installations appear to have already their high-water mark for the year, Ravi Manghani, GTM Research’s director of energy storage, said in a statement.

“The industry shouldn’t get too comfortable,” Manghani said. “There aren’t that many 10+ megawatt-hour projects in the 2017 pipeline, indicating that the first quarter may be the largest quarter this year.”

Leading States

California, which has a goal to install 1.3 gigawatts worth of batteries by 2020, remains the national leader in energy storage, with 238 megawatts installed. It’s followed by Arizona, Hawaii, Massachusetts, New York and Texas.

Nearly all the systems installed in the last year used lithium ion batteries, according to GTM. The study didn’t include pumped-storage hydroelectricity systems, which draw water to hilltop reservoirs and then release it later to power electric generators.

©2017 Bloomberg L.P. All rights reserved. Used with permission

U.K. Election Results, Emissions Plan Are Up in the Air

Posted June 06, 2017, 02:55 P.M. ET

By [Ali Qassim](#)

The only thing certain about the U.K.’s general election this week is nobody’s sure what’s going to happen.

Will the June 8 election put a party in power that will nimbly plot the nation’s path on major issues, including climate change, or will voters once again surprise London oddsmakers and go a different route?

It wasn’t so long ago that things were on course. Less than a week after the U.K. shocked the world and voted to leave the European Union last June, the government approved the Fifth Carbon Budget, legally restricting the total amount of greenhouse gases the country can emit.

But Brexit also sparked the resignation of Prime Minister David Cameron, leaving in charge a new government headed by Theresa May that came under fire for disbanding the Department of Energy and Climate Change, appointing an energy minister who questioned the reality of climate change, and failing to decide on a plan to cap the country’s escalating emissions.

The new Conservative government’s initial promise to produce a nationwide plan to cut greenhouse gas emissions by the end of 2016 was pushed to March 2017, then April. May took everyone by surprise that month and called a snap general election—three years ahead of schedule.

The government that’s formed after the U.K.’s June 8 snap election will be charged with publishing a long-awaited plan to meet its long-term emissions targets.

The plan must not only fulfill the U.K.'s commitment to the Paris Agreement on climate change but also include a framework to attract investors for renewable energy projects for at least the next decade, representatives from business, the low-carbon sector and environmental groups told Bloomberg BNA.

Last Chance?

The U.K.'s previous failure to produce an emissions reduction plan, now dubbed the Clean Growth Plan (CGP), has "potentially significant legal consequences," Frank Gordon, policy manager at the Renewable Energy Association, told Bloomberg BNA.

Under the 2008 Climate Change Act, the government must pass carbon budgets every five years that set out plans on how it intends to cut emissions by 57 percent by 2032 compared to 1990 levels.

The CGP "may realistically be our last good chance to get back on track, otherwise there is a serious risk we will miss our future emissions targets," Jonathan Church, a lawyer at activist organization ClientEarth, told Bloomberg BNA.

The U.K. has achieved big emissions reductions, but they're due in some part to the 2008 recession and downturn in manufacturing, Church said.

And that bump won't be enough as 2016 projections show that without the full push of the government behind it, the U.K. could miss its Fourth Carbon Budget for 2023–2027 by 146 metric tonnes of carbon dioxide-equivalent and the Fifth Carbon Budget for 2028–2032 by 247 metric tonnes, he said.

This is raising concern among business and environmental organizations in the U.K.

Call for Clarity

Nick Molho, executive director of the Aldersgate Group, a coalition of businesses and environmentalists, said, "Given that there is currently no policy clarity on energy efficiency and very little clarity on policy support for renewable energy outside of offshore wind, it would be concerning if the plan did not come out by the end of 2017."

The government is not allowed on-the-record statements during an election campaign under a practice known as *purdah*. Just before campaigning was launched, Nick Hurd, minister of state for climate change and industry, said before a Department of Business, Energy and Industrial Strategy committee that work to deliver a Clean Growth Plan was "well-advanced."

Plan Must Attract Investors

The linchpin to a Clean Growth Plan is ensuring that policies are detailed and long-term enough to attract the higher levels of affordable private-sector investment the U.K. needs in the next 15 years, according to Molho.

"It's a very complex task as the plan needs to be sufficiently detailed to attract affordable private-sector investment in the energy efficiency, low-carbon energy and low-carbon transport infrastructure the U.K. needs to meet its Fifth Carbon Budget," he said.

Michelle Hubert, head of infrastructure and energy at the Confederation of British Industry, agreed. Companies need clarity on what 2030 as it's only an investment cycle or two away, she told Bloomberg BNA.

Businesses also “want to see a fresh approach to the emissions reduction plan, to deliver policies fit for the future. In an increasingly interconnected world—where we might see homes and businesses generate, store, and use their energy in new innovative ways—the economy should be more joined up, with cross-cutting technologies being put to greater use,” she said.

The government also should commit to promoting the Enterprise Investment Scheme, which offers tax relief to investors that buy shares in smaller higher-risk trading companies for renewable power projects, according to the Renewable Energy Association's Gordon.

“It can be removed if desired, once successor funding schemes are introduced but would provide certainty and allow for continuity in planning project pipelines,” he said.

Power and Heat

There is a “strong consensus” among groups on how a CGP should work for the power sector, said Dustin Benton, acting deputy director of the think tank Green Alliance.

“The good news is this will mostly be cheaper than fossil fuel alternatives. The challenge is that government needs to support zero carbon flexibility to enable this to work, including via interconnection to the U.K.'s EU neighbors,” he said.

There's also some disagreement about the picture after 2025, with policy still assuming nuclear will be cheap and available by then, but complications related to, for instance, U.K.'s probable exit from the European Atomic Energy Community “raises serious questions about this assumption.”

Speaking for the renewables industry, Gordon said the next government should lay out a clear plan in 2018 to reduce carbon emissions from heating and cooling by 40 percent by 2030 and achieve the U.K.'s 2020 renewable energy target, which includes 12 percent of heat produced from low-carbon sources.

If the new government starts focusing on the Clean Growth Plan soon after the election, there still would be “time to do large-scale experiments on the three core technology families: district heating, heat pumps, and hydrogen heat. We think it should do low-carbon heat trials involving tens of thousands of consumers before 2020, to figure out what works and to provide an incentive for cost reduction,” Benton said.

[Privacy Policy](#) | [Terms of Service](#) | [Manage Your Email](#) | [Contact Us](#)

1801 South Bell Street, Arlington, VA 22202
[Copyright](#) © 2017 [The Bureau of National Affairs, Inc.](#) .
Energy and Climate Report