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Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Michigan Sues to Keep Flint on Detroit Water System

Posted June 28, 2017, 02:46 P.M. ET

By [Alex Ebert](#)

Michigan's Department of Environmental Quality sued the Flint City Council over the local government's decision against a long-term deal to purchase water from a Detroit-area water authority.

The [complaint](#), filed June 28 in federal court, seeks to compel the council to enter into an [agreement](#) with the Great Lakes Water Authority. Flint Mayor Karen Weaver, the state, and Genessee County struck the agreement with the water authority in response to an Environmental Protection Agency [emergency administrative order](#) that requires extensive testing if Flint decides to switch water sources. The council wants to change water sources this fall, so the state sent a [letter](#) two weeks ago arguing Flint would not be able to meet safety requirements and must enter the long-term deal or face litigation ([Michigan Dep't of Env'tl Quality v. City of Flint](#), E.D. Mich., No. 2:17-cv-12107, 6/28/17).

"It is imperative that the City of Flint have a water source in place prior to October 1, and switching to a new water source at this late hour is practically impossible and we believe violates the U.S. Environmental Protection Agency's order under the federal Safe Drinking Water Act," Heidi Grether, director of the Department of Environmental Quality, said in a statement.

For about 50 years, Flint purchased water from Detroit-area water authorities that draw water from Lake Huron. In 2013, Flint announced that it was going to join the Karegnondi Water Authority in hopes of lowering its costs.

When the Detroit water authority to cut off water to Flint in 2014, Flint's emergency manager decided to draw water from the Flint river while the Karegnondi Water Authority pipeline was being constructed. That led to the city's water supply being contaminated with high concentrations of lead.

The contract between Great Lakes Water Authority and Flint is set to expire in October of this year.

The city did not immediately respond to requests for comment.

Senators Want More Water Infrastructure Spending, Not Cuts

Posted June 28, 2017, 03:20 P.M. ET

By [Alan Kovski](#)

The Trump administration's proposed spending cuts for the U.S. Army Corps of Engineers and the Bureau of Reclamation are unlikely to be accepted by Senate appropriators, members of both parties said June 28.

"In my opinion we should spend more, not less, on our water infrastructure," Sen. Lamar Alexander (R-Tenn.) said during a hearing of the Senate Appropriations Subcommittee on Energy and Water Development, which he chairs.

"This is an enormous step backwards," Alexander said of the \$1 billion cut proposed for the Corps of Engineers, a remark seconded by Sen. Tom Udall (D-N.M.).

\$200 Million Brownfields Bill Easily Clears House Panel

Posted June 28, 2017, 12:54 P.M. ET

By [Sylvia Carignan](#)

Members of the House Energy and Commerce Committee gave their blessing to a popular brownfields bill on its way to the House floor.

The bill ([H.R. 3017](#)) to reauthorize the brownfields program passed by voice vote at a committee meeting June 28. Both Republican and Democratic committee members touted bipartisan efforts on the bill and the jobs it would create.

"This is one of the best job-creation pieces of legislation you could come up with," said Rep. David McKinley (R-W.Va.), who introduced the program reauthorization bill.

The Environmental Protection Agency's brownfields program provides grants to those who want to remediate and redevelop a contaminated property. Those properties generally need less remediation work than sites that are placed on the agency's National Priorities List, which includes the most contaminated sites in the country.

The bill will still need the approval of the House Transportation and Infrastructure Committee before it can move to the House floor, according to an Energy and Commerce Committee spokesperson. The transportation committee last had a hearing on a brownfields bill in March.

Modifying the Program

The brownfields program started in 2002, at a funding level of \$200 million. H.R. 3017 would reauthorize the program at the same funding level. The program has not been reauthorized since 2006.

Rep. Paul Tonko (D-N.Y.) said the bill would enable more "complex" brownfields sites to be

remediated because of the increased dollar limit on grants for individual sites.

The proposed changes for the brownfields program include:

- setting aside \$1.5 million in annual grants for recipients in rural areas, small communities, disadvantaged areas, and tribes;
- allowing petroleum spill sites to be eligible for brownfields grant funding if no viable, responsible party is able to pay for cleanup; and
- increasing the funding limit for remediation grants from \$200,000 to \$500,000, with the option for the EPA to waive the limit and award up to \$750,000 based on contamination, size, or site ownership.

Rep. Buddy Carter (R-Ga.) said the House bill “represents an opportunity to really reinvigorate our communities across the country.”

Companion Bill

The Senate Environment and Public Works Committee was scheduled to discuss a similar brownfields bill June 28, but the committee’s meeting was indefinitely postponed.

Mike Danylak, a spokesman for the Senate committee, said staff are working to reschedule those agenda items.

House Compromise Struck on Interim Nuclear Storage Measure

Posted June 28, 2017, 11:56 A.M. ET

By [Brian Dabbs](#)

A bipartisan measure to authorize private interim storage of nuclear waste will move to the House floor following the Energy and Commerce Committee’s approval June 28.

Lawmakers struck a compromise on an [amendment](#) to provide “adequate” funding for related transportation services, while ensuring a “base authorization for at least \$150 million for the first private interim storage agreement,” Rep. John Shimkus (R-Ill.) said at the markup.

“This gives those private storage initiatives financial surety,” he said, noting that interim storage must have local support.

The legislation also reboots Energy Department research on a permanent repository at Nevada’s Yucca Mountain site, which had been under study as the permanent U.S. burial site before the Obama administration mothballed it. Most Nevada lawmakers staunchly oppose using Yucca Mountain as a waste repository.

Another amendment aims to placate concerns over Nevada’s water rights.

The underlying [legislation](#) (H.R. 3053) authorizes the Energy Department to strike contracts with private facilities on interim storage of spent fuel from commercial nuclear power plants, which is currently stored on-site at those plants.

But Rep. Ben Ray Lujan (D-N.M.) opposed the bill over concerns the interim storage facilities will

become de facto permanent repositories. The Nuclear Regulatory Commission has received two applications from private companies to accept the spent fuel.

House Energy Spending Chair Cuts Research Program He Likes

Posted June 28, 2017, 01:17 P.M. ET

By [Rebecca Kern](#)

Rep. Mike Simpson (R-Idaho) said that while he likes the Energy Department's ARPA-E program, which provides early stage investment in innovative energy technologies, his Energy and Water Subcommittee's fiscal 2018 appropriations bill would cut it "because of limited resources."

The House Appropriations Committee's Energy and Water Subcommittee approved by voice vote June 28 the \$37.56 billion appropriations bill funding the Energy Department, Army Corps of Engineers, and other related agencies. The funding would be \$209 million below the fiscal 2017 enacted level and \$3.65 billion above the President Donald Trump's budget request. No amendments were offered during the markup.

The Advanced Research Projects Agency-Energy was proposed to be eliminated in Trump fiscal 2018 budget, which requested just \$20 million to wind down remaining projects, compared to \$291 million in the fiscal 2017 annualized continuing resolution.

While the House version would cut ARPA-E funding, the program has strong backing in the Senate. Sen. Lamar Alexander (R-Tenn.), chairman of the Senate Appropriations Committee's Energy and Water Subcommittee, told Energy Secretary Rick Perry during the Energy Department budget hearing June 21 that he wanted his assurance that Perry would continue to fund the program.

Simpson acknowledged the funding bill will be altered. "We'll go into conference and it will change. This is the first step in a process, but it will change along the way," he told reporters after the markup.

ARPA-E was created during President George W. Bush's administration. Since 2009, ARPA-E has funded over 400 potentially transformational energy technology projects.

Pipeline Pinch Adds to Oil-Sands Woes as Keystone Wait Drags

Posted June 28, 2017, 03:33 P.M. ET

By [Kevin Orland](#) and [Frederic Tomesco](#)

Call it the pipeline pinch, or maybe the Keystone quagmire.

While plans by Canadian companies from Suncor Energy Inc. to Canadian Natural Resources Ltd. to boost oil output are racing to fruition, the construction of three pipelines needed to move that product to market, including the infamous Keystone XL, is lagging years behind.

The result: Producers have little choice but to move those extra barrels by train, with costs two to three times higher than pipeline shipping. It's an unwelcome added expense after oil plunged about 20 percent from this year's peak. Futures prices have settled in below \$45 a barrel, after many predicted it would rise to \$60.

“We’re not going to see significant new pipeline capacity until late 2019 or 2020,” said Nick Schultz, vice president for pipelines and regulatory matters at the Canadian Association of Petroleum Producers. In the meantime, the extra expense for shipping “impacts royalties and other things that impact the public.”

During Barack Obama’s administration, oil-sands producers feared a future when they would have to rely heavily on costly railway shipments if he didn’t approve Keystone XL. That may start this year.

Pipelines in Western Canada, which holds the world’s third-largest oil reserves, can carry about 3.3 million barrels of crude a day, according to CAPP. Meanwhile, the area is expected to produce 3.92 million barrels a day this year and 4.2 million next year as a number of large oil-sands projects come online.

The looming bottleneck adds a new urgency to the industry’s calls for more capacity and may lend credence to its argument that the lack of lines hurts the nation’s economy.

More Expensive

Canadian oil producers have long lamented the dearth of pipelines carrying their supplies to the nation’s east and west coasts, saying that the situation leaves them able to export only to the U.S. and forces them to accept whatever price American refiners will pay. Environmentalists in Canada and the U.S. have opposed new or expanded pipelines, arguing that burning the crude locked up in the oil sands would contribute to catastrophic global warming.

The industry saw glimmers of hope last year, when government regulators approved expansions of Kinder Morgan Inc.’s Trans Mountain pipeline linking Alberta’s oil sands with export facilities on British Columbia’s Pacific Coast as well as Enbridge Inc.’s Line 3 running from Hardisty, Alberta, to the U.S. border in Manitoba.

The pipeline situation got another boost when U.S. President Donald Trump approved TransCanada Corp.’s Keystone XL, which spans from the oil sands to the U.S. Gulf Coast. Kinder Morgan this month entered into credit agreements totaling C\$5.5 billion (\$4.2 billion) to help fund the development of Trans Mountain.

More Hurdles

Yet Keystone still needs to win approvals from regulators in Nebraska, and the Line 3 project has faced delays that pushed its in-service date back to 2019. The fate of Trans Mountain also has been called into question after opponents of the project won power in British Columbia last month.

Meanwhile, there are a handful of massive new oil projects that will start production this year and next. Suncor’s Fort Hills oil-sands project is expected to begin production in the fourth quarter and ramp up to about 90 percent of its capacity of 194,000 barrels a day within 12 months. Canadian Natural plans to complete another phase of expansion at its Horizon mine this year that will add 80,000 barrels a day.

While Suncor has pipeline space reserved for output from Fort Hills, the company believes market access is important to Canada’s oil producers and its economy, said Sneha Seetal, a spokeswoman. Canadian Natural isn’t concerned with transportation of Horizon’s production because the operation produces light oil, which has fewer shipping constraints, said spokeswoman Julie Woo.

“Though transportation of crude oil by pipeline is our current and primary method of shipment, we evaluate and monitor on an ongoing basis where crude by rail has been, and will continue to be, an option,” Woo said.

Offshore Project

More oil will be produced outside of Western Canada as well. The Hebron project off the coast of Newfoundland and Labrador also is expected to come online this year. Operated by Exxon Mobil Corp. with investments by Chevron Corp., Suncor, Statoil ASA and Nalcor Energy Corp., Hebron is expected to have crude oil production capacity of 150,000 barrels a day at its peak.

All that extra Canadian crude promises to be a boon for railroad companies who were stung by declines in that business when crude prices crashed in 2014. In fact, some already are seeing a pickup in their oil business. Canadian Pacific Railway Ltd. Chief Executive Officer Keith Creel said on a conference call last month that the company had moved 17,000 carloads of oil so far this year, nearly meeting its forecast for 20,000 carloads for all of 2017.

Two-Year Window

Canadian National Railway Co. foresees a two-year window of opportunity before Trans Mountain starts up and crude-by-rail shipments are affected, Chief Commercial Officer Jean-Jacques Ruest told an investor presentation June 14.

If crude-by-rail demand “comes in, you want to ride it very hard, and if at some point the opportunity disappears, then you ride something else,” Ruest said.

Crude and condensate accounted for about C\$370 million of revenue at Canadian National Railway last year. That’s less than half the C\$750 million that the company generated from the same line of business in 2014. The company’s overall revenue was C\$12 billion last year.

Railways may benefit from a pickup in their oil businesses for the next year or two, said David Tyerman, an analyst at Cormark Securities.

“They view it as a short-term boost,” he said. “They’re happy to haul the stuff, but they’re not going to spend a lot of money on infrastructure because they don’t know if this is going to be around long.”

But the oil industry’s trade group sees a need for more pipelines beyond those that already are expected to enter service. Canada will need an additional 1.3 million barrels a day of pipeline capacity by 2030 to meet the nation’s growing production, CAPP said in a report earlier this month.

“The urgent need for new pipelines to increase our competitiveness continues to be one of the biggest challenges facing our industry,” CAPP CEO Tim McMillan said.

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Justice Department Environment Pick Downplays BP Defense Work

Posted June 28, 2017, 01:52 P.M. ET

By David Schultz

Past work defending BP PLC after the Deepwater Horizon oil spill and personal opposition to the EPA's climate change efforts would have no bearing on running the Justice Department's environmental office, President Donald Trump's nominee said.

Jeffrey Bossert Clark told senators at his June 28 confirmation hearing that, if approved to head the Environment and Natural Resources Division, he would vigorously defend his federal agency clients just as he has defended corporate clients.

"Client agencies are the ones who make policies. I don't think my personal views are relevant," Clark said.

During the hearing, Democrats pressed him about his work for corporate clients such as BP, his views on climate change, and his affiliation with the Federalist Society for Law & Public Policy Studies.

'Hired to Do a Job'

Several Democrats on the Judiciary Committee, including Sens. Dianne Feinstein (D-Calif.) and Sheldon Whitehouse (D-R.I.), grew frustrated with Clark's evasion and pleaded with the committee's chairman, Sen. Chuck Grassley (R-Iowa), to force him to answer their queries.

Though he expressed concern with the issue of the Trump administration stonewalling congressional inquiries, Grassley said it wouldn't be appropriate to demand that Clark talk about his views on environmental issues in this case.

"What Democrats really need to know is these guys are hired to do a job," Grassley told reporters after the hearing. "They leave their personal views out."

Grassley also said he expects his committee to cast a vote on Clark's nomination late next month.

No Fan of Chevron

Clark has been at the firm Kirkland & Ellis LLP since 1996, with the exception of a four-year period during the George W. Bush administration when he served in the Justice Department.

While at the department, he was the second-in-command at its environment division, in charge of its appellate work. If confirmed, Clark would be in charge of the entire environment division, which prosecutes civil and criminal environmental violations and also defends the Environmental Protection Agency and others when their actions are challenged in court.

Last year, Clark testified before the House Judiciary Committee in favor of a [bill](#) that would have reined in the regulatory authority of federal agencies. The bill, which passed the House but died in the Senate, would have effectively overturned the so-called Chevron doctrine, in which courts defer to agencies' interpretations of ambiguous laws.

"Chevron has been a failed experiment," Clark said at the May 2016 [hearing](#). It has resulted in "too much authority being given to the executive branch."

Criticism for Writings

When asked about Chevron at his confirmation hearing, however, Clark told the senators, “As we sit here today, Chevron is still good law and I would enforce it.”

Though there were three other nominees being considered at the hearing, the majority of the senators’ questions were directed at Clark.

He came under the most intense questioning from Democrats on the issue of articles he wrote for the Federalist Society’s website on the issue of climate change. In these articles, Clark criticized EPA decisions to classify greenhouse gasses as dangerous pollutants and its reliance on United Nations-backed climate science.

“You have gone beyond role of a lawyer,” Whitehouse told him. “You’ve been a political advocate against climate science.”

Clark responded by pointing to his record at the Justice Department during the Bush administration as an indication that he would defend agencies and enforce environmental laws objectively.

Looking for a Coal Job? Better Work on Those Playstation Skills

Posted June 28, 2017, 10:23 A.M. ET

By [Tim Loh](#)

While on the campaign trail in West Virginia last year, Donald Trump donned a hardhat and pantomimed digging coal with a shovel. The coal miners in the audience would soon be back to work, he promised: “Get ready, because you are going to be working your asses off.”

The only problem: Coal miners no longer swing a pickax or wield a shovel. While coal companies are hiring again, executives are starting to search for workers who can crunch gigabytes of data or use a joystick to maneuver mining vehicles hundreds of miles away.

“If you do PlayStation, you can run a 300-ton truck,” said Douglas Blackburn, a fourth-generation miner himself who runs the industry consultancy Blackacre LLC. For an industry once notorious for its risks, “the worst that can happen is you sprain a thumb.”

The trend toward fewer workers, of course, is nothing new. The heyday of coal employment came in 1923, when the U.S. industry—then reliant on laborers with hand tools, blast powder and oil lamps—had a record 863,000 miners, according to the Mine Safety and Health Administration. Ever since, that number has fallen thanks to increasingly sophisticated machinery. The technological change took a leap forward in the 1980s with the expansion of large-scale mining in Wyoming’s Powder River Basin, where the coal can be scooped out of the ground from above. The miners no longer had to tunnel underground.

In the Powder River Basin’s giant open-pit mines, large haul trucks now crisscross the sites day and night, collecting up to 400 tons of coal at a time from towering seams. High-school graduates with little experience often drive the trucks, taking home salaries that can be \$30 an hour. Trains that can stretch more than 100 cars long are loaded up mechanically with the coal and sent off to plants as far away as Georgia.

“Whether coal comes back or not is not necessarily directly related to jobs,” Heath Lovell, a spokesman for coal producer Alliance Resource Partners LP, said in an interview on NPR’s On

Point. “We should be becoming more and more efficient, which would mean we could produce the same amount of coal with less employees.”

In Illinois, underground miners including Alliance Resource and Foresight Energy LP have a collection of longwall machines—computerized devices that cut coal from the earth in slices that can extend for miles—ready to ramp up production with minimal manpower if demand allows.

To be sure, Trump’s pledge has come true for some workers. Coal companies added 2,400 jobs since September, bringing the total to 51,000, according to the Bureau of Labor Statistics. Coal companies are advertising for licensed mechanics and electricians, warehouse clerks and security guards.

Coal’s future, however, is likely to involve a new set of skills. It won’t be long before a miner is working out of an office in, say, Denver, where she’ll stare at computer screens and maneuver equipment in Wyoming, according to Blackburn. The miner— earning, perhaps, \$15 an hour—will monitor several massive trucks that largely steer themselves, he said.

Just as electric locomotives once replaced the pit ponies and mules in the mines, Caterpillar Inc. is already selling fleets of its “autonomous” haul trucks to Australian mining companies. One customer, iron-ore giant Fortescue Metals Group Ltd, has increased productivity by up to 30 percent thanks to the vehicles’ better-than-human consistency and precision, Denise Johnson, Caterpillar’s head of resource industries, said at a Deutsche Bank summit on June 8.

“You can keep those trucks running 24/7,” Johnson said. “You don’t have to take bathroom breaks.”

That sort of savings will be hard for U.S. coal companies to resist as they struggle to stay competitive against the onslaught of cheap natural gas, solar and wind power. Caterpillar’s autonomous-mining technology is already being adopted by U.S. customers, and it’s expanding its offerings, a company spokesman said by email. The company declined to identify its customers.

And such technology won’t be limited to Wyoming. When talking to coal executives, Rick Honaker, chairman of the University of Kentucky’s mining program for the past decade, keeps hearing how they want young engineers who can automate a piece of equipment, managing gigabytes of data so the machinery can be used most efficiently.

“The way to compete is being more automated,” Honaker said in an interview. “And unfortunately, that means less jobs—more skilled labor but less overall employment.”

Sense of Nostalgia

Against that backdrop, Trump is capitalizing on the sense of nostalgia for coal’s bygone days and anxiety about the future, said Patrick Hickey, a political science professor at West Virginia University. In Appalachia, people are well aware that miners stopped heaving coal with shovels generations ago, but Trump’s air-shoveling still resonated in a state whose flag bears the image of a 19th century miner holding a pickax.

“Coal mining jobs were hard jobs—people had serious health problems as a result of them—but an honest effort was rewarded well,” Hickey said. By trading politically on an antiquated image of a miner, Trump is appealing not just to displaced coal workers but to those in manufacturing and other sectors threatened by automation and foreign competition.

“As we see this disruption all over the economy in the public and private sector, I think it’s really

powerful to hearken back to these touchstones of an economy that had more certainty,” he said.

One irony for the industry now is that in some areas the coal companies say they can't find the high-skilled workers they need. In West Virginia, companies are resorting to offering signing bonuses and fully paid healthcare to poach experienced shift foremen, mechanics and electricians from rivals. Many of those workers left the coal industry during the last decade's collapse and found more stable employment in other sectors. They aren't anxious to switch back.

“The scars are still fresh,” said George Dethlefsen, CEO of Canonsburg, Penn.,-based Corsa Coal Corp., which opened a mine in Pennsylvania this month. “Those guys are not fully trusting that this market is back and here to stay.”

Finding young talent is especially hard. During the bust, companies were laying off people rather than training a new generation of miners. That created a dearth of high-skilled workers in their 20s and 30s.

“Youth might be the most looked-for qualification,” Matt Preston, a coal analyst at Wood Mackenzie Ltd., said in an email. Finding young workers “willing to get into a shrinking industry is an uphill climb.”

—With assistance from Jennifer A. Dlouhy.

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North Carolina Slashes Blood Lead-Level Thresholds

Posted June 28, 2017, 12:14 P.M. ET

By [Andrew M. Ballard](#)

North Carolina lowered its thresholds for blood lead levels in children to match federal recommendations and extended those protections to pregnant women in its newly enacted budget.

The state Legislature overrode the governor's veto to enact the [budget legislation](#) (S.B. 257) June 28. The new law boosts North Carolina's lead-poisoning prevention program that has seen a drop in funding and attention during the past few years.

S.B. 257 will cut in half its threshold for “confirmed lead poisoning” that triggers an investigation, from 20 micrograms per deciliter to 10 micrograms per deciliter, effective July 1. The new law also will drop its threshold for “elevated blood lead levels” from 10 micrograms per deciliter to 5 micrograms per deciliter.

When a confirmed lead poisoning case is discovered through two consecutive blood tests within a year, the state Department of Health can require the removal of lead risks in residences and other facilities such as daycare centers. Findings of elevated blood lead levels also can trigger hazard investigations.

Leading Again

Matt Gross, policy director for N.C. Child, a Raleigh-based children's advocacy group, told Bloomberg BNA that most states already use the federally recommended levels when testing young

children. However, North Carolina's extension of such provisions to pregnant women puts it ahead of other states in lead poisoning prevention efforts, he said.

"A decade ago, North Carolina was noted as a leader in lead surveillance of young children, but in recent years, progress has stagnated due to budget cutbacks," according to Gross. "The new budget provisions, plus an allocation of more than \$500,000 to implement them, are expected to re-energize the state's program," he said.

Paint represents approximately 70 percent of the lead exposure in North Carolina, and water makes up about 20 percent, Gross told Bloomberg BNA. A separate bill addressing water testing stalled this session, he said, but N.C. Child hopes it will be revived in 2018, he said.

Another provision in the new budget law will provide \$250,000 to pursue a legal challenge against the federal "waters of the United States" rule enacted during the Obama administration. Those regulations expanded the bodies of water covered by the Clean Water Act.

California Weighs Making Electric Cars Cheaper Right Off the Lot

Posted June 28, 2017, 12:07 P.M. ET

By [Dana Hull](#) and [Ryan Beene](#)

The federal tax credit for electric car purchases has an end in sight, but California doesn't want demand for the zero-emissions vehicles to meet the same fate.

The state, long a champion of electric cars, is considering a bill to provide rebates to electric vehicle buyers at the time of purchase, reducing the sale price right as customers drive off the lot. The bill, which does not specify the size of rebates but proposes giving more cash to low-income buyers, looks to set aside as much as \$3 billion for the incentives.

If passed, the program could help bridge the "valley of death" looming on the horizon for electric vehicle demand as federal rebates begin to wind down, said Max Baumhefner, an attorney with the Natural Resources Defense Council's clean vehicles program.

"The conditions are right for a tipping point to occur but with uncertainty about the state's purchase rebates and the prospect of federal tax incentives expiring, it could tip in the wrong way."

The plan—dubbed the California Electric Vehicle Initiative—could be a key step in encouraging the purchase of battery-powered vehicles by bringing the price after credits more in line with similar gasoline-fueled models. Gov. Jerry Brown (D) set a goal of 1.5 million zero-emission cars on state roads by 2025, and the state already offers [clean vehicle rebates](#) for the purchase of models including the Chevy Bolt, Nissan Leaf and Tesla Model S and X, but customers have to apply for those credits after the purchase is complete, a possible deterrent.

Plan Details

The [bill](#) would eliminate the need for buyers to file tax rebates with the state, according to a draft statement on the bill seen by Bloomberg News. The income-based rebates would also help assuage concerns that tax dollars are helping wealthy buyers afford luxury cars such as the Tesla Model S, which can sell for more than \$100,000.

The legislation, which passed a vote on the assembly floor earlier this month, faces votes in two state Senate committees next week, the draft statement said.

The bill is modeled on the state's highly successful [California Solar Initiative](#), which resulted in an uptick in rooftop solar installations on homes and commercial buildings across the state. Like that program, the electric vehicle proposal suggests the rebates decline over time as market penetration rises. Electric vehicles are forecast to become comparable price-wise with combustion-engine vehicles around 2026 in the U.S., according to Bloomberg New Energy Finance.

The bill comes as the federal tax rebate begins to run its course. Purchasers of only the first 200,000 electric cars sold by each manufacturer in the U.S. are eligible for the \$7,500 federal tax credit before it starts to phase out, meaning the largest electric vehicle makers including General Motors Co., Nissan Motor Co. and Tesla Inc. will lose eligibility first, just as their more affordable, longer-range electrics are hitting the market.

Tesla is slated to begin in July production of its Model 3 sedan, which is expected to start at \$35,000 before incentives or options. Tesla produced roughly 84,000 electric vehicles in 2016 and plans to make half a million in 2018, then 1 million in 2020.

As the nation's coal-fired power plants close, transportation is likely to eclipse electricity production as the nation's largest source of greenhouse gas emissions. That is already true in California, where transportation [accounts for nearly 40 percent](#) of the state's emissions.

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Discoveries Boost Hopes for Alaska Oil Output

Posted June 28, 2017, 9:15 A.M. ET

By [Alan Kovski](#)

Oil discoveries on the North Slope of Alaska during the past few years have increased hopes for the economy of the region and the state.

The developments also could quiet worries about keeping viable the North Slope's oil lifeline—the Trans-Alaska Pipeline. If its volumes sink too low, it becomes uneconomical to operate.

Oil production on the North Slope increased during the past 12 months as new wells more than made up for declines at older wells, said Ed King, a special assistant to the commissioner of the Alaska Department of Natural Resources.

The increases came from ConocoPhillips Co. operations primarily, and an Exxon Mobil Corp. project to a lesser extent. At the same time, BP Plc has slowed the decline at the super-giant Prudhoe Bay Oil Field.

"I don't anticipate that it'll be another increase in 2018," King said, referring to Alaska's fiscal 2018, which will start July 1. There are no notable new supplies set to come online during the next 12 months that would allow another increase, he told Bloomberg BNA.

After 2018, the picture becomes more complicated because of the difficulties in forecasting the output of new discoveries.

Sharply Differing Outlooks

The spring 2017 forecast from the Alaska Department of Revenue projected a decade of decline in North Slope output, without benefit of enough information to include significant volumes from recent discoveries.

Interior Secretary Ryan Zinke visited Alaska in late May. He signed an order to accelerate development of the National Petroleum Reserve-Alaska and to make a new estimate of potential oil reserves in part of the Arctic National Wildlife Refuge.

The Wilderness Society issued a report June 19 arguing that expected developments in North Slope oil fields should keep the Trans-Alaska Pipeline viable for many years to come.

“The pipeline will continue operating for decades, with no need to drill in controversial, ecologically important and federally protected Arctic regions, i.e., the Arctic National Wildlife Refuge, off-limits portions of the National Petroleum Reserve-Alaska, and the Arctic Ocean,” the report said.

Pipeline Volumes Rise

The Trans-Alaska Pipeline carried more than 2.1 million barrels a day at its peak in 1988, but now is operating at a quarter of that amount.

Alyeska Pipeline Service Co., operator of the line for a consortium of oil companies, has not determined the lower limit at which the line would become uneconomical, said Michelle Egan, an Alyeska spokeswoman.

Flow through the pipeline rose in 2016 to 517,000 barrels a day, the first annual increase since 2002, according to Alyeska. Year-to-date flows in 2017 have averaged 557,000 barrels a day, Egan said June 26.

The increases in North Slope production that fed the pipeline occurred primarily because of more production from the Alpine and Kuparuk fields, both operated by ConocoPhillips, and the startup of Exxon Mobil’s Point Thomson field.

Good management at the Prudhoe Bay field managed to temporarily arrest the long decline of output there, according to DNR’s King.

“It’ll be interesting to see if they can extend that,” he said of the Prudhoe Bay work. “They did a really great job last year.”

Two Especially Big Fields

But big hopes for future production come from new fields.

Foremost is Nanushuk, which Armstrong Energy LLC is developing in partnership with Spanish oil giant Repsol S.A. The companies estimate that 1.2 billion barrels of light oil can be recovered, their calculation boosted this year by additional exploration wells.

Nanushuk’s location is not too far from existing infrastructure and enough wells have been drilled to boost confidence in estimates.

Less certain is the discovery of Caelus Energy LLC's Smith Bay Project, because only two wells have been drilled. In October 2016, the company said it estimated that there could be several billion barrels of oil in the field in state waters off the northern coast of Alaska. How much of the oil is recoverable remains to be determined.

Groups Sue Hawaiian Dairy to Halt Illegal Manure Discharges

Posted June 28, 2017, 03:54 P.M. ET

By Carolyn Whetzel

Groups in Hawaii want a federal court to order a large dairy in Hilo to stop discharging waste into streams and ocean waters.

Big Island Dairy LLC is dumping manure and other waste in violation of the federal Clean Water Act, Kupale Oookala Inc., a community group, and the Center for Food Safety said in a lawsuit filed in the U.S. District Court for the District of Hawaii June 28 (Kupale Oookala Inc. v. Big Island Dairy LLC, Haw. Dist. Ct., No. 1:17-cv-305, 6/28/17).

The complaint alleges the dairy lacks a federal permit to discharge animal waste to streams that empty into the Pacific Ocean. Also, Big Island Dairy has violated its individual National Pollutant Discharge Elimination System permit allowing storm water discharges from certain construction activities, the lawsuit said.

Since April 2012, the dairy has been improperly spraying manure-laden wastewater on its field, the complaint said. Wastewater also seeps from fields, compost areas, pens and lagoons into groundwater, plaintiffs said.

"Big Island Dairy has been dumping manure on the residents of Oookala, including flooding our properties, for many years," Genard Frazier a member of the community group, said in a written statement. "We want to be in the driver's seat so we can hold this polluter accountable and protect our community."

The lawsuit follows a 60-day warning letter from the plaintiffs, which prompted an enforcement order from the Hawaii Department of Health in May, assessing a \$25,000 penalty and directed the company to apply for an NPDES permit and take corrective actions to prevent future unlawful discharges.

The dairy, a confined animal feeding operation that has 2,600 cows, didn't immediately respond to Bloomberg BNA's request for comment.

Amanda Steiner, of Terrell, Marshall Law Group LLC in Seattle, and Charles M. Tebbutt and Sarah A. Matsumoto of the Law Offices of Charles M. Tebbutt P.C. in Eugene, Ore., represent the plaintiffs.

Connecticut's Renewable Efforts Get Court Approval

Posted June 28, 2017, 12:13 P.M. ET

By Adrienne Appel

A Connecticut effort to contract for renewable energy does not violate federal law, a federal judge ruled Wednesday.

The state and proponents of renewable energy hailed the decision as a broad win for states that seek to grow their renewables market by requesting proposals for renewable energy projects.

Allco Renewable Energy Limited, a solar developer and investment firm based in New York City, filed a suit in August 2016, claiming Connecticut violated the federal Commerce Clause by giving preference to energy developers based in the Northeast (*Allco Finance Ltd. v. Klee*, 2d Cir., No. 16-2946, 6/28/17).

EU Chemicals Agency Hopes Guidance Increases Imports' Scrutiny

Posted June 28, 2017, 01:40 P.M. ET

By Stephen Gardner

Updated guidance on the notification obligations of companies that import goods containing hazardous chemicals into the European Union could lead to more compliance checks on imports, the European Chemicals Agency told Bloomberg BNA.

The agency issued the revised guidance June 28, covering the requirement under the EU's REACH law (Regulation No. 1907/2006 on the registration, evaluation and authorization of chemicals) for companies that import goods containing hazardous substances above a 0.1 percent by weight threshold to notify the chemicals agency, unless exposure of people or the environment to the substance can be reasonably excluded.

The obligation applies to chemicals that are considered to be "substances of very high concern" under REACH, of which there are currently 173. Examples of hazardous substances in products include phthalates in vinyl flooring, cables, garden hoses and other soft plastics, and lead compounds in batteries, electronics and machinery.

According to the European Chemicals Agency website, only 365 product notifications covering 39 of the 173 high concern substances have been submitted.

The agency told Bloomberg BNA it was "of the impression that the number of notifications is low and probably does not reflect" the number of products containing high concern substances that are imported into the EU.

"Awareness-raising amongst importers, and ultimately stronger enforcement are the keys to making these mechanisms work better," the chemicals agency said. Clarity in the updated guidance on the obligations might "help and encourage" EU countries "to consider the initiation of additional enforcement actions," the agency added.

The updated guidance takes into account a European Court of Justice ruling from September 2015 that the 0.1 percent notification threshold for hazardous chemicals in products should apply to individual components within products, and not only to the whole product. For example, the obligations would apply to vehicle components that contain hazardous substances, rather than to the whole vehicle.

The updated guidance replaces interim guidance on the rules on hazardous substances in products that the chemicals agency issued in December 2015 in the wake of the court ruling.

China Is About to Bury Elon Musk in Batteries

Posted June 28, 2017, 9:04 A.M. ET

By [Joe Ryan](#)

As Elon Musk races to finish building the world's biggest battery factory in the Nevada desert, China is poised to leave him in the dust.

Chinese companies have plans for additional factories with the capacity to pump out more than 120 gigawatt-hours a year by 2021, according to a report published this week by Bloomberg Intelligence. That's enough to supply batteries for around 1.5 million Tesla Model S vehicles or 13.7 million Toyota Prius Plug-in Hybrids per year, according to Bloomberg New Energy Finance.

By comparison, when completed in 2018, Tesla Inc.'s Gigafactory will crank out up to 35 gigawatt-hours of battery cells annually.

Lithium-ion batteries have long been used in smartphones, laptops, and other personal electronics, but demand is forecast to explode in the next five years as electric vehicles proliferate and power companies install giant storage systems to smooth the ebb and flow of wind and solar.

Telsa produced nearly 84,000 vehicles in 2016 and has said it plans to make 500,000 in 2018.

While Tesla may be building the biggest and splashiest factory, the Chinese government has launched a sweeping effort to increase the country's dominant market share.

Roughly 55 percent of global lithium-ion battery production is already based in China, compared with 10 percent in the U.S. By 2021, China's share is forecast to grow to 65 percent, according to Bloomberg New Energy Finance.

In all, global battery-making capacity is forecast to more than double by 2021 to 273 gigawatt-hours, up from about 103 gigawatt-hours today. That's a huge opportunity, and China doesn't want to miss it.

"The Gigafactory announced three years ago sparked a global battery arms race," said Simon Moores, a managing director at Benchmark Mineral Intelligence. "China is making a big push."

But don't count Tesla out. The company, based in Palo Alto, Calif., plans to announce locations for up to four new factories by the end of 2017. (It's exploring at least one site in Shanghai.) And there are few, if any, individual Chinese battery companies that can match the scale of Tesla's production toe to toe.

Yet while China lacks a dominant battery behemoth, it makes up for it with a constellation of smaller players, including Amperex Technology Ltd., Tianjin Lishen Battery Joint-Stock Co. and dozens of others.

Earlier this year, the Chinese government announced plans to consolidate battery manufacturers to help the industry mature. The initiative goes hand in hand with China's plans to flood highways with

five million electric vehicles by 2020.

China's ambition to become the global leader in clean cars stems in part from pressure to clear pollution from smog-choked streets in Baoding, Xingtai, Shijiazhuang, and other cities. There's a second reason: creating a domestic market for Chinese battery manufacturers, said Logan Goldie-Scot, a Bloomberg New Energy Finance analyst.

"The Chinese government wants to encourage the creation of a domestic market to create a large enough base and gain a foothold," Goldie-Scot said. "From there, they can expand and sell globally."

—With assistance from Brian Eckhouse

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China State Grid Chairman Says Clean Energy Will Create Jobs

Posted June 28, 2017, 8:37 A.M. ET

By [Bloomberg News](#)

Thousands of renewable energy plants will create jobs as the world switches to clean power from coal, according to the chairman of the State Grid Corp. of China.

New roles will emerge during construction and for operators and maintenance personnel, Shu Yinbiao said at press briefing June 27 at the World Economic Forum's Annual Meeting of the New Champions in Dalian, China.

"We will have more opportunities for jobs," Shu said. "The transformation of energy will not impact employment, it will create opportunities."

The remarks followed the International Renewable Energy Agency's forecast that green energy jobs will continue to grow in developing nations, especially Asia. The clean-energy business employed 9.8 million people last year, up 1.1 percent from 2015, led by an expansion in solar photovoltaics, according to the Irena's annual report.

Green jobs may reach 24 million worldwide in 2030 as more countries work to combat climate change, Irena said.

China, the world's biggest emitter, plans to invest 2.5 trillion yuan (\$360 billion) in renewable energy through 2020 to reduce greenhouse gases that cause global warming. The investment will help create 13 million jobs, Li Yangzhe, former deputy head of National Energy Administration said in January.

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China to Treat More Animal Waste to Help Clear Rural Pollution

Posted June 28, 2017, 8:13 A.M. ET

By [Bloomberg News](#)

China, the world's top pork producer, plans to treat more waste from livestock breeding to improve its rural environment and reduce agriculture pollution.

Pollution from the country's livestock breeding is becoming an "outstanding issue" after years of steady development of the sector to ensure meat, eggs and dairy supply, according to a [summary](#) of remarks by Vice Premier Wang Yang at a conference June 27. China will increase treatment of animal wastes, encourage more use of bio-gas in the countryside and expand large-scale farms which are able to treat the waste, he said.

China is tackling soil pollution as part of its nationwide agriculture reforms, with its top legislative body considering tougher penalties for those who pollute water and prohibiting the building of homes or schools in areas with contaminated soil. The country has dealt with problems including cases where crops have been grown in areas contaminated with cadmium. China has more than half of the world's pigs, according to the U.S. Department of Agriculture.

Farmers favor using chemical fertilizers, which save time and costs, over organic fertilizer, Yu Kangzhen, vice agriculture minister, told a [press conference](#) June 14. About 40 percent of China's 3.8 billion tons of annual animal waste have been left untreated and unutilized, he said. China is aiming to increase the use of animal waste as fertilizer for fruit, tea and vegetables by as much as 50 percent by 2020.

Some local governments are closing down more pig farms or banning breeding due to pollution concerns, which may threaten the meat supply, said Yu. China's central government will offer financial support to 500 counties and 200,000 large farms for waste treatment facilities, he said.

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Germany Counters Diesel's Dirty Image with National Task Force

Posted June 28, 2017, 8:26 A.M. ET

By [Elisabeth Behrmann](#) and [Birgit Jennen](#)

Germany is seeking to counter concerns over the harmful emissions from diesel vehicles by bringing together government and auto-industry experts to devise ways to clean up the technology, which supports thousands of jobs in the country.

The first meeting of the National Diesel Forum will take place on Aug. 2, a little less than two years since Volkswagen AG's emissions-cheating scandal led to a backlash. Since the German automaker admitted to rigging 11 million vehicles worldwide to circumvent regulatory tests, more cities are mulling bans on diesel vehicles and European consumers are gradually turning away from the technology.

"The task of this national forum is to bundle the discussion on optimizing diesel vehicles," Transport Minister Alexander Dobrindt said in a joint statement with the German Environment Ministry. "We're aiming to find workable measures to cut emissions from diesel cars."

Diesel technology plays a major role in the German auto industry, with the models accounting for about 46 percent of car sales in the country last year. At Robert Bosch GmbH, the world's biggest car-parts supplier, about 50,000 jobs are related to diesel, with many more at Volkswagen and other

automakers.

That importance hasn't stopped Germany from putting pressure on automakers to clean up their vehicles in the aftermath of the VW scandal. Last year, the Transport Ministry prodded manufacturers including VW, Audi and Mercedes-Benz to recall 630,000 cars that pushed the limits of emissions regulations. Government officials and carmakers remain in talks to upgrade older diesel vehicles to pollute less on the road.

Munich and Stuttgart—the hometowns of BMW AG and Mercedes parent Daimler AG, respectively—are among a growing list of municipalities that are weighing measures to restrict the use of diesel vehicles to reduce health risks caused by their exhaust. The debate is also turning off European consumers, with buying rates slipping.

“The national forum offers manufacturers the chance to win back lost trust,” Environment Minister Barbara Hendricks said in the statement. “I hope they grasp that opportunity and make a substantial contribution to improving air quality in our cities.”

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Green Energy Investing Meets Crowd Funding in African Venture

Posted June 28, 2017, 9:32 A.M. ET

By [Mathew Carr](#)

[Gullspang Invest](#) led a group of investors providing 6 million euros (\$6.8 million) to Trine Finance Ltd., a company that spurs off-grid solar power in emerging markets including Africa by tapping crowd funding in the U.K. and other advanced economies.

Trine offers crowd investors a return of about 5 percent, with money used to finance solar lamps and solar home systems from Zambia to Uganda, the Gothenburg, Sweden-based company said on its [website](#). The electricity can be cheaper and safer than existing systems typically fueled by kerosene, which emit toxic fumes.

“When you can go in with everything from 25 euros and up, it's opening up finance to people who might not have had that opportunity before,” said Lena Apler, founder of [Collector AB](#) and a member of Trine's advisory board, by email. “Sustainable solutions are not only turning out to be necessary, but also out competing traditional alternatives.”

Trine Chief Executive Officer Sam Manaberi wants to channel 100 million euros of crowd-investment into solar energy projects over two years, up from more than 1 million euros distributed the past three years. Risks for the crowd investors, who spend a minimum 25 euros, range from fluctuating currencies to developing-country solar suppliers who might struggle to make payments.

Payments for the solar energy equipment can be made via mobile phones on a weekly or monthly basis, saving the need for large upfront costs and boosting its appeal. A Trine project listed for Kenya expects to save each participant 1,000 Kenyan shillings (\$9.65) a month, about 10 percent of average income, the company said.

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