

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Bloomberg BNA
Sent: Thur 9/14/2017 8:06:43 PM
Subject: Sep. 14 -- Daily Environment Report - Afternoon Briefing



Daily Environment 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. The Bloomberg BNA Daily Environment Report is brought to you by EPA Libraries. Please note, these materials may be copyrighted and should not be forwarded outside of the U.S. EPA. If you have any questions or no longer wish to receive these messages, please contact Josue Rivera-Olds at riversa-olds.josue@epa.gov, 202-566-1558.

House Clears EPA Funding Bill Full of Poison Pills for Senate

Posted September 14, 2017, 01:40 P.M. ET

By [Dean Scott](#)

A funding bill passed today by the House offers a more modest cut to environmental programs than sought by the Trump administration, but is so laden with poison pill amendments that it will be little more than a starting point for negotiations with Senate Democrats.

The House-passed bill ([H.R. 3354](#)) would provide roughly \$7.5 billion for the EPA in fiscal year 2018, about \$1.9 billion above the Trump's administration's request, but still \$528 million less than current-year funding. The EPA-Interior bill was combined earlier this month with eight appropriations measures, and that package is what the House passed today, by a [vote](#) of 211-198.

That EPA funding level may only be a starting point for Senate Democrats, who have significant leverage in negotiations this fall on what is likely to be a broad funding measure to keep the federal government running after a three-month spending resolution expires in December.

The Senate has no plans to take up the House version of the EPA-Interior spending bill, but House members who attached their amendments to add funding to the bill or change environmental policy now have some leverage of their own in future funding negotiations.

One such amendment, from Rep. Andy Harris (R-Md.), would ban any offshore wind projects within 24 nautical miles (27.6 miles) of the Maryland shoreline. Harris sought the ban at the behest of Ocean City, a popular Maryland beach vacation spot. The language would sideline offshore wind projects by U.S. Wind Inc. and Skipjack Offshore Energy LLC, which were both greenlit by the Maryland Public Service Commission in May.

Other amendments in the bill include two from Rep. Markwayne Mullin (R-Okla.) to block a 2016 EPA regulation on methane emissions from the oil and gas sector and to bar the Obama-era policy of accounting for the impacts of carbon emissions when developing regulations.

The GOP-led House largely rejected efforts to further trim the EPA's budget, adding funding for some programs. One big winner was the EPA's Clean Water State Revolving Fund: an amendment by Rep. John Katko (R-N.Y.) was approved to restore \$250 million to the fund, which provides low-cost financing for water infrastructure projects.

Monster Storms Change Coastlines, Not Minds on Climate Change

Posted September 14, 2017, 8:49 A.M. ET

By Jennifer A. Dlouhy

Back-to-back hurricanes fueled by warm Atlantic waters may have altered the coasts of Texas and Florida, but there's no indication they are shifting the politics of climate change.

"We cannot ignore that carbon emissions are causing our ocean temperatures to get warmer, which is fueling more powerful hurricanes," said Sen. Kirsten Gillibrand (D-N.Y.) at a lightly attended hearing on carbon-capture technology.

Yet that is exactly what many are doing on an issue that increasingly breaks down along partisan lines. Republicans in charge of the House and Senate haven't scheduled hearings to examine the phenomenon. President Donald Trump has ignored shouted questions on the topic and administration officials have brushed the whole issue aside as a distraction.

Scott Pruitt, the head of the Environmental Protection Agency, told CNN it is "very, very insensitive" to storm victims to "have any kind of focus on the cause and effect of the storm versus helping people."

Research shows monster storms may only harden people's position, underscoring already entrenched beliefs about the role humans play in warming the planet.

"The climate movement can't depend on the weather to make its political case," said Robert Brulle, a sociologist at Drexel University who studies environmental activism. "We have a window of opportunity to draw attention to the issue—and then three weeks from now we'll be talking about something else."

Environmental disasters, including an oil spill off the California coast, toxic pollution emanating from New York's Love Canal and Ohio's Cuyahoga River bursting into flames, helped catalyze the modern-day ecological movement, shifting public views. But unlike climate change, the causes were clearer; there was no need for scientists to interpret data or model scenarios.

It's much harder to attack the science of an oil spill, Brulle said. "You can't have a tactic of denying the science when you can see it right there with your very eyes."

Some environmental activists say Hurricanes Harvey and Irma should be a wake-up call, vividly illustrating the potential consequences of extreme weather events made worse by climate change. Scientists haven't linked either hurricane directly to climate change—and they may never be able to—though they stress global warming is leading to more intense, more frequent storms.

Decades into the debate over climate change, people's views on the subject are tied up with their political ideology. And it takes more than 185-mile-per-hour winds to change their beliefs.

People in areas that have experienced extreme weather are only marginally more likely to support climate adaption policies such as elevation requirements and restrictions on coastal development, according to [research](#) published in the September issue of “Global Environmental Change.” Instead, political party identification is a much bigger factor in how people viewed the issue, according to the study that examined public opinion data coupled with geographic information about extreme weather events.

And any changes in thinking after extreme weather are likely to be temporary.

“There was no discernible difference after a month between people who experienced more extreme weather and those who did not,” Llewelyn Hughes, a professor at Australian National University, and David Konisky, a professor at Indiana University, said in a [Washington Post essay](#) describing their research. “Even though events like Hurricane Irma are tragic, it may very well be that people tend to forget about them quite quickly and get on with the rest of their lives.”

Researchers also have found that living through a disaster changes the way people think—effectively making them more skeptical of leaders and less open-minded. A 2011 study of Honduran villages hit by Hurricane Mitch in 1998 found that severe damage reduces people’s willingness to work together.

There are also parallels to the gun control debate, which didn’t dramatically shift after shootings of schoolchildren in Connecticut and a congressman in Virginia.

In both cases, “there is a very powerful special interest influence group” that has effectively squelched debate, Sen. Sheldon Whitehouse (D-R.I.) said in an interview.

President Barack Obama made fighting climate change a signature policy of his administration. Trump and Republicans in Congress have sought to roll back those efforts.

Some environmental advocates may be wary of being seen as exploiting a natural disaster for long-term policy changes when homeowners are still ripping sodden carpet from their floors and utilities are still working to restore electricity. Whitehouse says there is plenty of time to talk about the issue as lawmakers debate hurricane-spending relief packages and storm-ravaged cities rebuild.

“We should be talking about this issue on a regular basis; I don’t think there is a key moment in which we have to say it or we lose the opportunity,” Whitehouse said. “Now is a good time to talk about it; later is a good time to talk about it; there will be plenty of opportunities to talk about it.”

Congressional Debates

Climate change concerns could spill into congressional debates over how to rebuild cities battered by the storms.

“It’s impossible to not discuss the incredible amount of money which the federal government is going to spend to clean up after supercharged hurricanes and to not then discuss what can we put in place now for ten cents on the dollar that will avoid the most catastrophic results,” Sen. Ed Markey (D-Mass.) said in an interview.

Extreme weather events could provide an opening to GOP lawmakers—particularly those in affected states—to justify or explain a shift in how they approach the issue, said Joseph Majkut, director of climate science at the Niskanen Center, a libertarian think tank.

Instead of 180-degree pivots on the link between carbon dioxide and climate change, that may come in the form of supporting a resilient infrastructure or backing changes in the national flood insurance program to better incorporate what is known about rising sea levels and storm risks.

“I don’t expect any one storm is going to change the debate on climate, which is now sort of sophisticated and entrenched,” Majkut said. “I do think it can make a difference at the margins, so one thing to watch for will be individual members, individual districts and how much of a role it might play in 2018.”

—With assistance from Christopher Flavelle.

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

Federal Energy Regulatory Chairman Changes Tune on Coal

Posted September 14, 2017, 01:45 P.M. ET

By Rebecca Kern

Federal Energy Regulatory Commission Chairman Neil Chatterjee seemed to back away from previous pro-coal comments today in his first public testimony since taking office in August.

Chatterjee, during an August podcast interview, made comments that were in line with the Trump administration’s efforts to help prop up coal plants. However, Chatterjee’s responses during a Sept. 14 House Energy and Commerce Committee hearing reflected a change in tone to align with views expressed by other FERC nominees that the commission doesn’t favor any fuel sources.

“The commission is fuel-neutral, and we will look to ensure that as our grid undergoes this transformation, that we ensure that we evaluate the attributes of fuel sources to see what values they provide,” Chatterjee said during a response to a question from Rep. Kevin Cramer (R-N.D.) about what FERC could do make sure coal plants were compensated enough to keep them running.

“We will see if there’s a demonstrated need for reliability, whether or not those things can be compensated,” he added.

Chatterjee, a former energy staffer for Senate Majority Leader Mitch McConnell (R-Ky.), expressed a different view on coal during an Aug. 14 appearance on a FERC [podcast](#).

“I believe baseload power should be recognized as an essential part of the fuel mix. I believe that generation, including our existing coal and nuclear fleet, need to be properly compensated to recognize the value they provide to the system,” Chatterjee said on the podcast.

In his Sept. 14 testimony, Chatterjee echoed comments made by Richard Glick, nominated to be a Democratic commissioner. Chatterjee said that while there are no current reliability threats to the grid with the early retirement of baseload resources, such as coal and nuclear, FERC needs to closely monitor whether retirements could lead to reliability vulnerabilities later.

Glick and Kevin McIntyre, nominated to the Republican chairman of FERC if confirmed by the Senate, both stressed in their confirmation hearing that FERC was fuel-neutral. They are awaiting a Senate committee vote, which was postponed from Sept. 14 to Sept. 19.

Petition, Not Court, is Path to Expand L.A. Ozone Region: Judges

Posted September 14, 2017, 02:08 P.M. ET

By [Abby Smith](#)

Los Angeles-area air quality regulators who want to change the way they comply with federal ozone pollution standards may need to convince the California Air Resources Board to petition the EPA on their behalf, federal appeals court judges said Sept. 14.

California's South Coast Air Quality Air Management District sued the Environmental Protection Agency, seeking the right to count reductions of emissions from sources outside the region to help it comply with ozone air quality standards.

However, during oral arguments in the case, judges on the U.S. Court of Appeals for the District of Columbia Circuit seemed to agree with the EPA that the Clean Air Act may not allow the local agency to force this action in court.

Heather Gange, the Justice Department attorney representing the EPA, told the court that the burden is on the local air regulator to ask the state to redraw the the non-attainment area—and the local body should not try to force the action in court.

“The county has options other than torturing the language” of the Clean Air Act, Gange argued.

The Los Angeles air district is challenging a rule implementing 2008 standards that gave states and local air pollution regulators guidance on implementing federal ozone standards.

California Passes Chemical Disclosure Bill With Industry Support

Posted September 14, 2017, 10:17 A.M. ET

By [Carolyn Whetzel](#)

SC Johnson, Procter & Gamble, Unilever, and other manufacturers of air fresheners, detergents, and other household items would have to disclose potentially harmful ingredients in their products under a bill passed by California lawmakers.

The Cleaning Product Right to Know Act of 2017 ([S.B. 258](#)), if signed by Gov. Jerry Brown (D), would require companies to identify on labels and online information the chemical ingredients found in their products, including in fragrances.

The bill would “create an industry-wide ingredient communication program for manufacturers,” Wisconsin-based SC Johnson said in a written statement issued after the state Assembly approved the measure Sept. 12.

“Because of this legislation, consumers will have the opportunity to make more informed choices for their families,” Fisk Johnson, the company’s chairman and chief executive officer, said.

Broad Support

More than 100 environmental, public health, and worker groups, the Consumer Specialty Products Association, and leading cleaning product makers like SC Johnson, Procter & Gamble, Unilever, RB- Reckitt Benckiser, and Seventh Generation, support the bill.

Industry buy-in, however, came after six months of negotiations that led to amendments to protect proprietary information and make implementation easier, bill author State Sen. Ricardo Lara (D) said.

Consumers and workers want to know what's in the cleaning products they use, Lara said in seeking Senate approval Sept. 13. Some chemicals in the products have been linked to cancer, birth defects, asthma and other adverse health effects, he said.

Passed in the Senate on a final 28-12 vote Sept. 13, the bill would give manufacturers until Jan. 1, 2020, to post ingredients and other product information on their websites. New labels listing intentionally added chemicals would be required a year later. Brown has until Oct. 15 to sign or veto the bill. He hasn't taken a position on the measure.

No federal regulations require the disclosure of most ingredients in cleaning products, although some companies, like SC Johnson, voluntarily provide the information.

Household, Institutional Products

The bill would apply to household and institutional products, and automotive care products, but not industrial products or cosmetics.

Ingredients identified by California, the federal EPA, European Union, or other authoritative bodies as causing cancer or other health and environmental harm would have to be identified on labels and online, according to the measure.

"The cleaning product industry recognized this consumer demand and worked with our coalition to craft a solution in Sen. Lara's bill," Avinash Kar, a senior attorney with the Natural Resources Defense Council, said in a Sept. 13 written statement. "This bill will put California, once again, at the forefront of public health protections that will benefit all Americans."

New York is finalizing industry guidance requiring cleaning product ingredient disclosure, Kar said.

New York City Targets Buildings for Greenhouse Gas Cuts

Posted September 14, 2017, 12:35 P.M. ET

By [John Herzfeld](#)

Buildings in New York City face sharp reductions in greenhouse gas emissions under a plan from Mayor Bill de Blasio (D) to target the city's top source of heat trapping emissions.

The proposed legislation, announced today, would require owners of all buildings in the city larger than 25,000 square feet to make improvements to boilers, heat distribution systems, hot water heaters, roofs, and windows. Deeper changes would be required during replacement or refinancing cycles over the next 12 to 17 years.

De Blasio said that the plan would make New York the first city to mandate cuts in emissions from

fossil fuels burned for heat and hot water in buildings, which constitute the top source of greenhouse gases in the city, or 42 percent of the total. He cast it as part of a broader response by cities to inaction on climate issues at the federal level.

The new plan expands on previously announced city goals to cut carbon emissions by 80 percent from 2005 levels by 2050, as well as a long string of city code changes, programs, and voluntary agreements on building energy efficiency. In June, de Blasio issued an executive order backing climate change targets in the wake of President Donald Trump's withdrawal from the Paris climate change agreement.

PPG: Look to China for Chemical Solutions to Pollution Problems

Posted September 14, 2017, 9:33 A.M. ET

By [Pat Rizzuto](#)

China's 2015 tax on paints and coatings containing volatile organic compounds immediately opened market opportunities for PPG, Chief Technology Officer David Bem recently told Bloomberg BNA.

In February 2015, the Chinese Ministry of Finance imposed a 4 percent tax on paints and coatings containing 420 grams per liter or more of volatile organic compounds (VOCs). "That immediately changed people's behaviors and the coatings we sold," Bem said.

The tax, designed to reduce airborne concentrations of chemicals that contribute to smog, illustrates how company innovations respond to the power China is wielding to reduce air and water pollution, Bem said.

China's growing commitment to cleaning up its air and water—combined with the country's educational investments, standard-of-living improvements, and infrastructure development—mean it's designing chemical innovations that can help solve problems in other countries as well, said Bem and Chuck Kahle, who was PPG's chief technology officer until he retired in 2016. Kahle discussed chemistry's impact on the global economy during the American Chemical Society's annual meeting in August.

Working with its Chinese partners, PPG has nine research laboratories in China, Bem said. From its facilities there, PPG has both witnessed and responded to China's growing commitment to cutting air and water pollution.

Originally founded in Pennsylvania in 1883 as Pittsburgh Plate Glass, PPG today is a paints, coatings, and specialty materials manufacturer, employing about 47,000 people and operating 156 manufacturing facilities worldwide. It serves aerospace, architectural, automotive, marine, rail car, and consumer product manufacturers.

Functional Coatings, Energy

According to the U.S. Environmental Protection Agency, sufficient levels of exposure to formaldehyde can cause irritation of the skin, eyes, nose, and throat—and cancer at high levels of exposure.

As part of its global mandate, PPG set out to find a solution. Next month it will launch a "next-generation" paint to improve air quality by reducing the formaldehyde emitted from composite wood products, according to company officials. The paint—called Sigma Air Pure—uses an acrylic binder

made with plant-based compounds to reduce up to 70 percent of the formaldehyde present in indoor air, according to the Sigma Coatings [website](#). PPG will debut the paint in the Netherlands and Belgium in October before introducing it to other European markets in early 2018.

Partnering with China seemed like an organic opportunity for PPG. Chinese chemists have been trailblazers in developing functional finishes such as architectural paints and coatings that neutralize free formaldehyde molecules when they contact the painted wall, according to Bem.

China's determination to find environmental solutions, the government's ability to transform markets through public policies, and the sheer size of the Chinese market mean it will be a hotbed of innovation and commercial opportunity, Bem and Kahle said.

"If you can satisfy China's market, you're manufacturing at scale for any market," Bem said.

China is primed to take the lead developing new chemicals for solar energy panels along with chemicals that cut energy use, Kahle said.

A combination of pigments and primers that PPG developed for airplanes illustrates that type of functionality, according to [information](#) the company sent Bloomberg BNA. The coating system cuts aircraft exterior temperatures up to 25 degrees Fahrenheit, reducing interior cabin temperatures 5 to 7 degrees, and air conditioning-related energy use, PPG says.

Global Regulations

PPG's experiences in China are just part of its global dealings in which chemical and environmental regulatory changes offer both opportunities and challenges, Bem said. It's challenging for companies to keep track of the pace of chemical regulations around the world, he said.

"Changes to chemical registration regulations have been proposed or implemented in the EU and many other countries, including China, Canada, the United States, and Korea," PPG said in its 2016 [10-K](#) filing with the U.S. Securities and Exchange Commission. "Because implementation of many of these programs has not been finalized, the financial impact cannot be estimated at this time. We anticipate that the number of chemical registration regulations will continue to increase globally, and we have implemented programs to track and comply with these regulations."

Chemical regulations in different parts of the world reflect different social and economic philosophies, Bem said. There are regulators that will require some duplicative tests due to their specific requirements, he added. Leveraging chemical toxicity and other data so that information generated for one regulatory body can support regulations in different parts of the world is a good idea, but "you can't also leverage all of it," he said.

TSCA, Fuel Standards

Some regulatory changes—such as the 2016 overhaul of the U.S. Toxic Substances Control Act—will be a boon for chemical makers as a nationwide approach to chemical management is more workable than a patchwork of state rules, he said. "Very rarely is a product designed just for a particular state."

Regulations also create market opportunities, according to Bem. For example, the Corporate Average Fuel Economy, or CAFE, standards require car manufacturers to make lighter components for automobiles. That, in turn, has spurred paint and coating innovations, he said.

Chemical Safety Tests

The amended TSCA requirement that the U.S. EPA develop and implement a plan to promote the regulatory use of in vitro, computer-based, and other new approaches to predicting how chemicals affect people and the environment will promote scientific understanding and regulatory use of new testing technologies, Bem said.

Regulatory bodies are playing catch-up with emerging scientific understandings about ways chemicals could move through, affect, and be transformed by living organisms, he said. Yet markets are responding to new science, Bem said.

To illustrate his point, Bem discussed industries' response to concerns that some scientists have raised about bisphenol A (BPA), a chemical used to soften plastic products and coat metal cans to prevent food spoilage.

Market Drives Change

The question of whether BPA poses reproductive and developmental risks divides the scientific community. The U.S. EPA has described BPA as weakly estrogenic, meaning it can mimic female hormones. Many scientific advisers to regulators have said the chemical's current use levels are safe, yet some of those agencies also have regulated the chemical.

Companies began to switch to alternatives years before regulations were in place, Bem said. The U.S. Food and Drug Administration, for example, declared in 2012 that bisphenol A could no longer be used to make plastic baby bottles or children's "sippy cups" because it agreed with industry petitioners' claims that it was no longer used in those applications.

Increasingly, even if the toxicology isn't clear, the market—not regulations—is the driver, Bem said. PPG's toxicologists are working with their supply chain partners to predict chemical toxicity and environmental effects using safety tests that aren't mandated by current regulations, he said.

These teams tend to work with classes of chemicals that are well known "where there's plenty of information, so we don't have to take leaps of faith," he said.

Sustainability Goals

About 80 percent of chemical makers have adopted sustainability codes, meaning they are accountable to their shareholders for meeting specific goals, Kahle said. For PPG, that has meant developing reflective paints and coatings to cut energy use, Bem said.

PPG wants to use more biobased chemicals in its products, but the supply chain that could provide them isn't consistent enough to satisfy global demand, he said.

The growth in customers' sustainability and other value-based requirements also drive PPG's innovations, Bem said.

For example, one European customer focused on ergonomics for painting contractors, he said. The contractors carried large paint containers, similar to a five-gallon pail rather than the traditional one-gallon can familiar to homeowners. The customer and PPG designed a light-weight paint that was easier to carry and reduced fuel delivery costs, Bem said.

In another case, PPG worked with an automaker that wanted paints and coatings with a high recycled content that also could perform well on car parts made with recycled materials, he said. The customer's focus spurred PPG to work in an area that it might not have undertaken on its own due to the cost and complexity involved.

Corporate and customer sustainability expectations mean environmental performance is an important measure of success, he added.

Robots, Driverless Cars

Even somewhat farther afield, PPG works with sensors used in automated manufacturing system robots and self-driving vehicles, he said.

To prevent corrosion and for aesthetic reasons, industrial robots and autonomous vehicles need to be painted or coated, Bem said. Any coverings, however, can't interfere with a sensor's ability to "see," he said. PPG has worked with its aerospace customers on coatings that protect the sensors while improving their "vision" and function under a range of temperatures, humidity, and weather conditions, Bem said.

The chemical innovations that new technologies necessitate, coupled with new Chinese environmental policies, mean the pace of innovation emerging from China will continue to accelerate, Kahle said.

Germany's Energy Transition Creates Costly Problems With Grid

Posted September 14, 2017, 6:15 A.M. ET

By Jabeen Bhatti

Bolstering Germany's renewable output and expanding its electricity grid will be among Chancellor Angela Merkel's priorities if she prevails in upcoming federal elections.

As Germany forges ahead with its green energy transition, grid operators are being forced to dramatically increase operating costs to stabilize a centralized grid that has become unsuited for fragmented renewable production.

"In the next legislative period, we will need a great deal of effort to overhaul our transmission networks," Merkel said at her Christian Democrats' Energy Policy Dialogue event in April.

A "speedier" legislative process will be a priority as will establishing a "community of responsibility" with those of Germany's federal states that have lower transmission costs than others, she added.

Germans head to the polls Sept. 24 to decide whether Merkel, who has led Germany since 2005, will remain in power.

Even if so, to make Merkel's vision a reality, "there's a lot of investments that they have to make and this contributes to increased grid fees," Matthias Lang, a partner at the Bird & Bird law firm in Düsseldorf, told Bloomberg BNA. "But even if tomorrow we have a beautiful idea for the grid, it will still need to be built. And we'll be paying for it for the next 40 or 50 years."

The energy transition, in full swing for more than a decade, has drawn attention across Europe and from other countries also looking to rely more on renewable energy.

Germany already has some of Europe's highest energy costs, so analysts wonder whether more increases will curtail public support: Some 95 percent of Germans support continued investment and expansion of renewables, according to a representative survey by German research agency Kantar Emnid.

Transmission Snafu

Germany decided to cut ties with nuclear power in an ambitious energy transition known as the Energiewende. The move completely upended its energy production and transmission procedures. Since beginning the phaseout of nuclear energy in 2010, renewable energy output has doubled to 33 percent of total production in 2016, while fossil fuel and nuclear energy production significantly decreased, according to the Federal Ministry of Energy and the Economy. As of March, wind made up almost 12 percent of all electricity generation, while solar was almost 6 percent. Despite having succeeded in rapidly overhauling energy production, Germany's electricity grid, originally optimized for a centralized approach to energy consumption and transmission of non-renewables, is still struggling to efficiently accommodate the flood of electricity from renewables, analysts said. Strategically placed power plants used to funnel energy in a harmonized system based on need, price of production, high-consumption areas, and energy availability. As such, grid infrastructure developed along centralized transmission routes. The Energiewende's quick rollout changed that practice. As opposed to strategically erecting power plants in line with transmission networks, renewable energy centers began popping up wherever wind or solar was available. That created a distributed operation using mixed energy sources that has put increased strain on the existing grid, analysts said. "The factor is really commercial where you get the cheapest place to put your wind farms" and solar, said Lang. "It has nothing to do with where the power is consumed. So you have increased the amount of transportation that you need, because there's a total disconnect between where generation and consumption takes place."

New Infrastructure 'Urgent'

The German power grid is sectioned into transmission quadrants overseen by four operators: TenneT, Amprion Inc., 50Hertz Transmission GmbH, and EnBW Transportnetze AG. Hundreds of local and regional energy producers pay these operators to transmit electricity to consumers across Germany. Costs on producers then are passed on to the consumers themselves. Analysts and grid operators said the transmission costs largely stem from efforts to stabilize electricity flow on the grid, known as re-dispatch costs, during periods of particularly high renewable output. This involves turning on or shutting off traditional power plants either to stanch or ramp up output in line with need. As renewables have become more popular, increased output has clogged transmission on a grid that was optimized for fossil fuels. This January and February, instances of re-dispatch on the grid increased by some 63 percent in comparison to the previous year, a spokeswoman from Germany's Federal Association of Energy and Water Management told Bloomberg BNA.

Meanwhile, in 2015, re-dispatch efforts cost operators some 412 million euros (\$490 million), three times the cost from the previous year, according to the latest Monitoring Report from Germany's Federal Network Agency. The agency has warned that costs could jump to 1 billion euros (\$1.2 billion) by 2020 as renewable output increases. As a result, TenneT, Germany's largest grid operator, whose transmission zone spans the entire middle passage of the country from north to south, was forced to raise operating fees in its zone by 80 percent in 2017, a company spokeswoman told Bloomberg BNA. That translates to a 27 euro (\$32) increase a year in energy costs for a three-person household. Grid prices on average accounted for some 25.7 percent of energy costs for German households as of February, according to statistics from the the federal

energy and water management association. “New infrastructure is becoming more and more urgent. Curtailment costs of renewables are increasing and we can’t build the infrastructure so that the networks are faster,” Andreas Jahn, a senior associate with the Regulatory Assistance Project, an energy think tank in Berlin, told Bloomberg BNA.

Infrastructure Needs

Grid operators must now rapidly build infrastructure from the ground up in areas lacking proper access, such as along Germany’s coast with the North Sea, a major center of wind production. “They have an obligation to connect a particular wind farm to the grid,” said Lang. “But if the grid behind the wind farm was never built to take on that type of power, they have to reinforce the grid. And this drives up grid costs.”

This is particularly the case in rural areas in East Germany, where a lack of grid infrastructure has left consumers there footing the bill for updates to newly constructed renewable systems, in addition to transmission costs and stabilization measures. “The costs simply stay with this limited number of customers,” said Jahn. “We need a common agreement on the cost: Urban customers should have to pay a part of the costs in rural areas as well.” While updated transmission routes are supposed to be finished by 2022, when the last of Germany’s nuclear plants are to go offline, the Federal Network Agency confirmed to Bloomberg BNA that new, high-traffic grid connections likely won’t be finished until 2025.

Disputed Solutions

Numerous actions have been suggested to stymie rising costs—from efforts to rapidly increase grid expansion to legislation to equalize costs among consumers across the board, regardless of geographic location. A bill addressing the latter was completed in the Parliament in July and will clear the way for a harmonization of long-distance transmission costs across all regions by 2023. “There’s differing positions from the states simply because many profit enormously from the current system: They have lower grid costs while others’ bills are higher,” Tobias Austrup, an adviser on energy policy with Greenpeace Germany, told Bloomberg BNA. “But it really comes down to a question of fairness,” he added. Another proposal has been to decouple Germany’s transmission network from Austria and Luxembourg to combat electricity bottlenecks at the border that contribute to skyrocketing redispatch costs. But analysts dispute whether decoupling would be financially and politically beneficial. While creating a domestic internal bidding zone for electricity could indeed drive down prices in the short term, it doesn’t match the political objectives of the European Union and could increase congestion at national borders. And that could serve to exacerbate re-dispatch costs. “Electrons don’t know national borders. They know copper,” the Regulatory Assistance Project’s Jahn said. “In the end, it will be more expensive if we have 27 energy transitions instead of a joint project.”

‘Antiquated Power Stations’

Greenpeace’s Austrup views the grid in its current form—with its mix of traditional and renewable power plants—as the root of the problem. With an all-or-nothing approach replacing all traditional power stations with renewables immediately, instead of gradually, Germany could significantly reduce grid fees and energy costs, he said. “It’s a myth that the problem is that there’s too much renewable energy that can’t be transported,” Austrup told Bloomberg BNA. “The problem is these antiquated power stations that no longer belong in this world.” Still, building up renewables to the point of energy independence is a waiting game, said attorney Lang. Technology and legislation have to reach the point where such a feat would be possible. “If we finish the buildup of renewables, then at some stage, the grid will have caught up,” said Lang. “But I’m hesitant to say when exactly this is going to be, because we don’t know what technology we will be able to use going forward.”

That means that high energy costs for consumers in Germany—already higher than most of its European counterparts—won't show any sign of stopping, he added. "It's costing money and costs are going to increase. It will get more expensive," he said. "If we want a higher percentage of renewables, then we have to upgrade the grid to do so. And that will cost what it costs."

Fastenal Canada Fined \$218K for Import, Sale of Ozone Depleters

Posted September 14, 2017, 8:26 A.M. ET

By [Peter Menyasz](#)

Major industrial supply firm Fastenal Canada Ltd. will pay C\$265,000 (\$217,000) in fines for importing and selling in Canada aerosol products containing ozone-depleting substances.

The Ontario Court of Justice levied the fine Sept. 7 after the company pleaded guilty to two counts of violating the ozone-depleting substances regulations under the Canadian Environmental Protection Act, Environment and Climate Change Canada said Sept. 13.

Enforcement officers found that Fastenal imported and sold aerosol products containing hydrochlorofluorocarbons (HCFCs), a regulated ozone-depleting substance, between November 2012 and January 2015, the department said in a statement.

The company, based in Winona, Minn., didn't respond to Bloomberg BNA's request for comment.

The fine will go to the Environmental Damages Fund, which is used to support projects that benefit the environment, and the company's name will be added to Canada's Environmental Offenders Registry, the government said.

HCFCs are primarily used in foam blowing agents, refrigeration and air conditioning coolants, solvents, aerosols, and fire extinguishers.

Fastenal has 2,503 retail outlets and 401 on-site locations in the U.S., Canada, Mexico, and Europe, with net sales totaling \$4.0 billion in 2016.

[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.](#) .
Daily Environment Report for EPA