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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.

EPA to Seek Legislative Fixes In Place of Regulations, Pruitt Says

Posted June 15, 2017, 02:44 P.M. ET

By [Brian Dabbs](#)

The EPA will proactively reach out to seek legislative fixes to environmental laws that avoid lengthy litigation akin to the Clean Power Plan and the Clean Water Rule, Administrator Scott Pruitt told lawmakers June 15.

That strategy aims to curb agency “overreach” while providing certainty to companies, Pruitt said.

“When you disrespect rule of law, and what that fundamentally means, is when you take statutes passed by Congress and act in a way that’s not authorized, it creates uncertainty,” Pruitt told lawmakers. “If you have not spoken to an issue, if you have not given authority to the agency, we’re not to reimagine it. We’re not going to create it. We’re going to let you know when those deficiencies arise.”

The two high-profile regulations have been wading through legal limbo in recent years, and the Environmental Protection Agency is now reconsidering the Clean Power Plan rule. That regulation, arguably the trademark of the Obama administration’s environmental legacy, would require decreased carbon dioxide emissions on the fleet of existing power plants.

EPA rules have had a “devastating impact” on coal-producing communities, Rep. Hal Rogers (R-Ky.) told Pruitt. Rogers has recently complained of the Trump administration’s plan to zero out the Appalachian Regional Commission, an economic development program that is receiving \$152 million this fiscal year through the Energy Department’s appropriations account.

Senate Committee Advances Nuclear Regulator Nominee Svinicki

Posted June 15, 2017, 10:54 A.M. ET

By [Rebecca Kern](#)

The Nuclear Regulatory Commission is a step closer to retaining its quorum as the Senate Environment and Public Works Committee advanced the nomination of current NRC Chairman Kristine Svinicki for a third term at the agency.

The committee voted unanimously by voice vote to favorably report Svinicki's nomination for another five-year term on the commission. Chairman John Barrasso (R-Wyo.) told Bloomberg BNA after the June 15 business meeting that he and others are working with Senate leadership to get a floor vote on Svinicki before July 1.

Svinicki's current term is set to expire on June 30, after which she will no longer be allowed to serve and the NRC will not have a quorum.

In addition to Svinicki, a Republican, the committee considered two other Republicans nominated by the Trump administration: Annie Caputo, a long-time energy policy adviser for the committee, and David Wright, a former chairman of the South Carolina Public Service Commission. The committee has not yet scheduled votes on those nominations.

The NRC is an independent agency that licenses and regulates the country's nuclear reactors. Its five commissioners serve staggered five-year terms, with three seats belonging to the political party in power in the White House. It currently has three commissioners: Svinicki, whom President Donald Trump named as chairman in January; Stephen Burns (I), the previous chairman in the Obama administration; and Jeff Baran (D).

Nuclear Waste Bill Set to Change After Subcommittee Markup

Posted June 15, 2017, 01:25 P.M. ET

By [Rachel Leven](#) and [Rebecca Kern](#)

A House subcommittee June 15 approved, along party lines, a draft bill to reboot efforts to make Yucca Mountain the nation's permanent repository for nuclear waste and a bill (H.R. 806) that would push back deadlines for Obama-era ozone standards.

Additionally, draft legislation that would reauthorize the EPA's brownfields program for the first time since 2006 was approved unanimously by the House Energy and Commerce's Subcommittee on Environment. That program aims to clean up and repurpose contaminated industrial and commercial sites.

Rep. John Shimkus (R-Ill.), the subcommittee's chairman, previously told Bloomberg BNA that he hopes the House will pass the three bills, along with a drinking water reauthorization bill, by August.

At the markup, Democrats expressed concern that the administration didn't testify on the bills.

"We do not know how the agencies that would implement these programs would interpret the language in these bills," full committee ranking member Rep. Frank Pallone (D-N.J.) said at the start of the markup. "We are being asked to vote on legislation without the opportunity to fully understand its effects and potential unintended consequences."

The Environmental Protection Agency and the Energy Department didn't immediately respond to Bloomberg BNA's messages asking why they didn't testify and whether they support these bills. A spokesman for the Nuclear Regulatory Commission said the committee didn't request that the agency testify at the hearing on the nuclear waste draft bill in April and that it has no stance on the draft bill.

The two draft bills will next be introduced and all will be sent to the full committee, a committee spokesman told Bloomberg BNA in an email. There could be changes from the draft bills discussed at the markup to the bills that are formally introduced, the spokesman said.

Trump's Budget Puts Climate Research Program on Thin Ice

Posted June 15, 2017, 12:18 P.M. ET

By Catherine Douglas Moran

The U.S. could fall behind on mitigating expensive and irreversible damage from climate change domestically as a result of the White House's proposed cuts to an interagency research program's budget. Funding worries for the domestic climate and climate-related research program come at a time of uncertainty about the Trump administration's priorities for climate change as it slashes funding for that work across the government. President Donald Trump has pledged that the U.S. will exit the Paris Agreement and has proposed a fiscal year 2018 budget that would discontinue more than \$100 million in funding for several climate change research and partnership programs.

Margaret Leinen, director of the Scripps Institution of Oceanography at the University of California San Diego who previously served on the National Science and Technology Council's environment committee that guides the U.S. Global Change Research Program, told Bloomberg BNA that if major cuts are made to the program, the decreased funding will not stop or alter the course of climate research. But she said it may affect the country's reputation internationally and reduce the amount of domestic research.

"Other countries are not going to do the work on impact in the U.S. for us," she said. "No one else is going to do that research for us, so that's really what's at risk when we cut the U.S. climate research."

Comprised of nearly a dozen agencies and departments, Congress created the program in 1990 under the Global Change Research Act (Pub. Law No. 101-606) to better understand human-caused and natural climate changes and to develop mitigation and adaptation policies. Every three years Congress requires the submission of a strategic plan outlining goals and priorities for the next 10 years, and no less than every four years Congress and the president receive a national scientific assessment on the research program's findings.

Funding Fluctuations

The largest contributors to the program include NASA, the Energy Department, the National Oceanic and Atmospheric Administration, and the National Science Foundation.

Some of the agencies submit requests for the research program as a part of their budgets. Others calculate their contribution to the program from allotted research grants. The program's annual report that explains and breaks down the budget request is expected in a few months.

Here are the known agency funding requests for Global Change Research Program for fiscal 2018, according to the agencies:

- National Science Foundation: \$264 million—a decrease of \$66 million from its actual fiscal 2016 amount
- Smithsonian: \$8 million—largely steady from fiscal 2014 to fiscal 2018 request

- Energy Department: \$84.2 million—a decrease of \$144.7 million from its fiscal 2017 enacted appropriation
- EPA: Global Change Research listed as a proposed eliminated sub-program along with other science programs

“I think it’s really important that people understand that there are real risks, and the risks are not just for polar bears or for coral reefs,” Leinen said. “They are for us and our economy and what our livelihood is like.”

Leinen said the collaboration between the agencies is only as good as the budgets provided. The research program has tried to recover from funding dips by accepting proposals from scientists who were turned away at other agencies, but one agency will not assess the impacts of climate and environmental change for another agency’s mission, she said.

Congress Could Rescue Funding

While Congress and the administration set the priorities for climate change research, Congress probably won’t eliminate or “massively” cut funding for the program in the upcoming fiscal year, Leinen said.

“Each administration comes in seeing the problem of climate change with their own lens and may have different priorities,” Leinen said. “I think that one of the things that was quite, quite clear in the 2017 deliberations was that Congress did protect, Congress did acknowledge the importance of climate change research and made sure that it was funded to the best of their ability.”

Overall, funding for Global Change Research Program grew 30.2 percent from fiscal 2000 to the fiscal 2017 request, peaking in 2003, according to the American Association for the Advancement of Science. After declining during President George W. Bush’s administration, the program was revitalized in fiscal 2009 when the American Recovery and Reinvestment Act provided an additional \$641 million.

Anthony Janetos, a Boston University biologist and next chairman of the National Academies of Science advisory committee for the U.S. Global Change Research Program, told Bloomberg BNA that there is “nothing concrete to put our fingers on” financially for fiscal 2018, until the multiple appropriations committees that handle the agency budgets piece together the funding.

“Even small changes can make a difference in what gets done,” he said. “The accumulation of the kind of scientific knowledge is best served by budgets that don’t radically change from year to year.”

Agency Overlap and Collaboration

Two Republican committee aides familiar with the research program’s reports told Bloomberg BNA that it will probably not face funding problems. However, one of the aides said the cuts might be justified by potential duplication of climate modeling and other resources at the agencies.

“Is this funding cut in one place? Is there an offset somewhere else where the federal government is already doing research into that topic?” the aide said. “The federal government doesn’t need to be spending money on any sort of competing research.”

One of the reasons that Congress created the research program was to reduce the redundancy between agencies, John Furlow, the deputy director for humanitarian assistance and international

development at Columbia University's International Research Institute for Climate and Society, told Bloomberg BNA. He was a USAID representative to the climate change research program.

"There might be a little bit of redundancy, but I think there's more complementarity," he said. "If you cut something that NASA is doing, it might make it more difficult for NOAA to do its piece. So I mean just as a very coarse example, if NASA doesn't launch satellites, NOAA can't stick instruments on those satellites."

He said he is concerned about the uncertainty for climate funding and what that will mean for the program's future if the budgets for the EPA, NOAA, and National Science Foundation plummet.

If the climate research program's funding is slashed, Furlow said public outreach, website maintenance, and production of reports for Congress may be constrained.

"It probably would not be the end of the world but just reduce the amount of outreach that GCRP can provide," Furlow said. "I don't know what happens if the funding were to become so constrained that they couldn't pass the smell test of meeting the requirements of that law."

Political Controversies

This is not the first time that the Global Change Research Program has faced funding cuts and encountered concerns about potential political influence on its science.

One of the majority committee aides said the reports were used to further the agenda of the Obama administration by narrowly focusing on human-caused climate change instead of global change.

"I think we could agree that the politics has influenced the work of GCRP over the years," the aide said. "I think the conclusions of the National Climate Assessment are used to support climate policies specifically of the last administration and that's its job, that's its goal, that's its duty. Support the president."

Leinen said she thinks politics influence the funding, but not the science.

"Although there can be political push, there are so many other forces that I don't think the science gets steered," she said. "Does the politics get steered by the science? Sometimes."

—With assistance from Dean Scott.

EU Environment Agency Warns of 'Profound and Rapid' Arctic Changes

Posted June 15, 2017, 01:15 P.M. ET

By [Stephen Gardner](#)

The European Union should do more to relieve the pressures on the Arctic ecosystem or risk a breakdown of "the Arctic's role in global climate regulation," the European Environment Agency said June 15.

Specific measures for the 28-nation EU bloc to take could include initiatives to limit marine litter and black carbon, designation of more nature conservation areas in the European Arctic, phasing out the use of diesel generators in the Arctic in favor of renewable power, and designating low

environmental impact shipping corridors, the agency said in a [report](#).

The EU should also do more within international forums to promote protection of the Arctic environment and to ensure that economic exploitation of the Arctic's resources does not damage the region's ecosystems, the report said.

The current slowdown of investment in resource extraction in the Arctic, caused by low commodity prices, is a "window of opportunity" to introduce new more environmentally-friendly Arctic policies, the report added.

Global warming is leading to "profound and rapid changes" in the Arctic environment that could have worldwide consequences, the environment agency report said.

Of the eight countries with Arctic territory, Finland and Sweden are EU members, while Greenland is a territory of EU member Denmark.

Singapore's Carbon Tax May Be Felt Throughout Southeast Asia

Posted June 15, 2017, 5:31 A.M. ET

By [Lien Hoang](#)

When Singapore rolls out Southeast Asia's first carbon tax in 2019, the biggest impact may not be on carbon emissions at all—at least, not directly.

Instead, a government that threw itself behind digital currencies and self-driving cars could accelerate far-reaching research into efficiency technologies. The island-nation also could serve as a role model for its more carbon-intensive neighbors.

As a nation, Singapore's 5.6 million people are responsible for only one-tenth of 1 percent of the world's carbon emissions, according to data from the country's National Climate Change Secretariat. But Singaporeans rank in the top 30 for emissions per capita, more as individuals than the Swiss, British, or Chinese.

"We are in the unique position of being a city-state that has a large manufacturing sector. For example, we have a large chemicals industry on Jurong Island that has a significant carbon footprint," said Toh Wee Khiang, program director of the Energy Research Institute at Nanyang Technological University.

Manufacturing and construction emitted 25 percent of Singapore's carbon dioxide in 2014, compared with the global average of 20 percent, the World Bank [reported](#).

Existential Crisis

Singapore also suffers from the air pollution caused by constant forest fires in Indonesia. And coastlines will be threatened if climate change continues to raise sea levels. The carbon tax will "incorporate the negative externalities" such as these threats into the cost of fossil fuels to help the nation deal with the environmental effects, Toh said.

The tax, which will range between S\$10 and \$20 (\$7.30 to \$14.58) per ton of greenhouse gas emissions, also will figure into the Paris Agreement. Earlier this month, President Donald Trump's

decision to pull the U.S. out of the climate change accord prompted Singapore to double down. The island-nation said it “staunchly supported” global climate change efforts such as the accord and the carbon tax will help the country meet its Paris pledge.

“This may also spur the creation of new opportunities in green growth industries such as clean energy,” Singapore Finance Minister Heng Swee Keat said when announcing the tax in February. “Revenue from the carbon tax will help to fund measures by industries to reduce emissions.”

From Apple to Exxon

Companies across the island are taking steps to shrink their carbon footprints—from Apple Inc.'s all-solar operations to Exxon Mobil Corp.'s overhead waste heat recovery.

The tax also could get more businesses interested in recovering energy so they can reuse it, according to Toh.

One beverage factory, for example, now harvests the heat from its boiling process, even as researchers at the National University of Singapore continue to study and refine the technology. Professors there want to salvage cold energy that's expended when liquefied natural gas is converted back into gas and use it to desalinate water.

The Sustainable Energy Association of Singapore also identified the petroleum, semiconductor, and metal sectors as other industries that are ripe for waste energy recovery.

“Businesses need to innovate their processes, products, and services to respond to the changing environment effectively,” said Ian Hong, a partner specializing in sustainability at KPMG Singapore.

The transportation and construction sectors, in particular, will likely have to rethink their energy strategies in the wake of the carbon tax, according to Isabella Loh, chairman of the Singapore Environment Council.

“Singapore should aspire to be a global leader in the research and development of renewable technologies as this will boost our economy by creating jobs and attracting investments,” Loh told Bloomberg BNA. “That’s why the SEC is urging the government to consider channeling the revenue raised by the carbon tax into promoting this innovation.”

Heng said in his speech the tax “will help to fund measures by industries to reduce emissions.”

Carbon-Capture Politics

Although solar panels are part of the nation's overall energy strategy, Singapore acknowledges few prospects for renewables due to its limited land mass and natural resources. Instead, the microstate is focusing on improving the efficiency of the energy already available and to advance carbon capture, another technology that Toh expects will get more attention under the carbon tax.

“As long as our reliance on fossil fuels remains, CCS/U has potential to be an important part of our strategy to reduce CO₂ emissions,” the climate change secretariat said in a 42-page [report](#) on carbon capture, storage, and utilization.

Singapore could capture carbon from power plants before it enters the atmosphere and turn it into products such as methanol, formaldehyde, or even drugs or sand, for the construction sector. But

low demand for these products means the economics “are still not favorable,” the report said.

What’s more, if the tiny nation of Singapore wants to bury carbon in the ground, it will have to find some friends. “The absence of suitable storage sites in Singapore means foreign sites will have to be sought,” the secretariat said. “International geopolitical and corporate negotiations will be necessary.”

Rajiv Biswas, IHS Global Insight’s chief economist for Asia, said after the carbon tax is rolled out, Singapore will become a “center of expertise” for emerging markets interested in green technology.

Toh agreed, saying the city-state could set an example for tackling greenhouse gases in urban areas, especially among heavy industries. The tax targets major polluters high up in the energy chain, such as power stations.

“If we can be a lead adopter of measures that can significantly reduce GHG emissions while maintaining economic competitiveness,” Toh said, “it will have relevance overseas.”

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