

To: Dravis, Samantha[dravis.samantha@epa.gov]
From: POLITICO Pro Energy
Sent: Fri 10/27/2017 9:49:07 AM
Subject: Morning Energy, presented by Chevron: Energy dominance meets market realities — Multiple congressional probes of Whitefish contract — RFS concessions fuel GOP war of words

By Anthony Adragna | 10/27/2017 05:47 AM EDT

With help from Alex Guillén and Eric Wolff

MY HEART DRILL GO ON? Interior Secretary Ryan Zinke has made opening up more areas for oil and gas drilling a key part of delivering on President Donald Trump's pledge to unleash "energy dominance" but there may not actually be that many takers, Pro's Ben Lefebvre [reports](#). Interior plans to offer 10 million onshore acres in the National Petroleum Reserve in northern Alaska in December and 77 million offshore acres across the entire Gulf of Mexico in March, but the combination of low oil prices and ample private land available for fracking may keep some away. "It's almost like having a fire sale of all the acreage," said Ken Medlock, director of the Baker Institute's Center for Energy Studies at Rice University in Houston. "Wouldn't surprise me at all if there's a lot of acreage that doesn't sell."

Short-term cash infusion: The federal government is likely to make money from the bids themselves, but many companies are likely to sit on the acreage and wait for oil prices to rise before they start drilling. Both the Gulf and Alaska have high production costs given the remoteness of both locations, making new projects in those locations a tough sell to companies. The most likely outcome of the Gulf lease sale is that a modest number of companies may buy acreage next to drilling rigs already in operation. "They're still showing up [to the lease sales], just not buying a lot," Justin Devery, a principal energy researcher at IHS Markit, told Ben.

That irks advocates: When companies leave lands idling the public gets hit twice since the lands cannot be used and they aren't generating income for taxpayers, according to Nada Culver, senior counsel and director at The Wilderness Society's BLM Action Center. "We will lose the ability to use those lands, and at the same time we're not necessarily going to see a return."

Relatedly, the Senate Energy and Natural Resources will hold a Nov. 2 [hearing](#) on the potential for oil and gas exploration in ANWR as the committee seeks to meet reconciliation instructions from the budget to raise \$1 billion in revenue over the next decade.

AND FOR YOUR RADAR TODAY: Trump huddles with Zinke in the Oval Office today 11:30 a.m. No topic specified, though ME bets Zinke's recommendations on national monument designations will pop up.

TGIF EVERYONE! I'm your host Anthony Adragna, and QEP Resources' Shane Schulz was first to identify Hawaii, Idaho, New Hampshire, Rhode Island and Maine as the five states with two House seats. For today: Which four states have the most congressional seats? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#) and [@POLITICOPro](#).

LET THOSE WHITEFISH LETTERS FLY: Lawmakers penned three separate letters Thursday seeking information related to the \$300 million contract awarded to the tiny Whitefish Energy based in Zinke's hometown, Pro's Ben and your ME host [report](#).

—A bipartisan group of House Energy and Commerce lawmakers wants a briefing from Whitefish Energy. "In light of the questions that have been raised about your company's involvement in recovery efforts ... it is important to develop a clear understanding of the facts," they wrote in a [Thursday letter](#) to Whitefish Energy CEO Andrew Techmanski.

—House Natural Resources Chairman [Rob Bishop](#) and Oversight Subcommittee Chairman [Bruce Westerman](#) asked the Puerto Rico Electric Power Authority for all documents related to its decision to ink the Whitefish contract. They also asked more broadly for information on how PREPA enters into third-party contracts and what procedures it must follow if it departs from the normal process. [Link](#).

—Senate Energy ranking member [Maria Cantwell](#) and [Ron Wyden](#) asked GAO to investigate the contract in a [separate letter](#).

Bipartisan resiliency push for rebuilding: A powerful bloc of senators, including the top Republican and Democrat on the Senate Energy and Natural Resources Committee and the Finance Committee chairman, are pressing the Senate leadership for weather-resilient distributed energy to rebuild the power grids of Puerto Rico and the Virgin Islands, Pro's Emily Holden [reports](#). "Decentralized energy resources operating in microgrids are more likely to remain functioning during and after storms," says the [letter](#), spearheaded by Sen. [Al Franken](#) and signed by Sens. [Lisa Murkowski](#), [Orrin Hatch](#), [Rob Portman](#) and Cantwell.

Remember that Superfund drinking water story? Sens. [Tammy Duckworth](#) and [Elizabeth Warren](#) led five of their Democratic colleagues in questioning whether residents on the smaller Puerto Rican island of Vieques had adequate communication infrastructure to heed EPA warnings not to drink water from Superfund sites. "We are unable to guarantee residents there will heed EPA's guidance and avoid the potential adverse health effects associated with drinking contaminated water unless there is sufficient Federal Government presence on the island to provide access to clean drinking water," they wrote in a [letter](#). "We urge you to make monitoring and securing the Vieques site a priority for the duration of recovery."

Another CODEL leaves: A bipartisan group of lawmakers, helmed by House Majority Leader [Kevin McCarthy](#) and Minority Whip [Steny Hoyer](#), are visiting the U.S. Virgin Islands, Puerto Rico and the Florida Keys today and Saturday to examine ongoing recovery efforts from the string of recent hurricanes. Also traveling: Bishop, [Jeff Denham](#), [Norma Torres](#) and [Anthony Brown](#). Their visit comes as the Rhodium Group released a [report](#) Thursday concluding Hurricane Maria caused the "largest blackout in American history." Trump signed into law Thursday legislation [H.R. 2266 \(115\)](#) that provides \$36.5 billion to help FEMA with recovery efforts, relieve about half of the National Flood Insurance Program's debt and to keep Puerto Rico's government operational.

Hearing scheduled: The Energy and Commerce Energy Subcommittee announced it would hold

a hearing next Thursday to examine the state and federal responses to the storms, as well as ongoing recovery efforts.

Cornyn: Don't force disaster offsets: Count Senate Majority Whip John Cornyn as opposed to OMB Director Mick Mulvaney's plan to seek offsets for the next batch of disaster relief. "I'm as concerned about the deficits and debt as anybody, but this is emergency spending and we need to get help to the people who need the help," he told reporters.

INHOFE: GRASSLEY'S RFS POSTURING 'QUESTIONABLE': Sen. Jim Inhofe isn't a fan of fellow Republicans Chuck Grassley and Joni Ernst holding up EPA nominees last week to extract concessions on the Renewable Fuel Standard. "I think it's questionable in terms of being appropriate," he told ME. "I think [Grassley] used a lot of pressure there that was very effective, I'll say, but that I didn't agree with."

And Ernst bashes new hold: After a delay in the confirmation vote on EPA air nominee Bill Wehrum (who passed out of committee on Wednesday), Sens. Ted Cruz and Mike Lee retaliated by slapping a hold on Bill Northey's selection to become undersecretary for Farming Development and Conservation at USDA. But that move drew swift condemnation from Ernst. "That has nothing to do with Bill Northey, they need to get that right," Ernst told ME, referring to the USDA hold. "I don't see the connection. Bill Northey, he'll be in charge of conservation programs, it will have nothing to do with the RFS. So why are they blocking him because of the RFS? Just because Big Oil doesn't like it."

So is this officially a fight? Senior Republicans downplayed the likelihood their conference would continue to hold up Trump nominees over biofuels. "This happens every day, just happens to be the topic du jour, but we'll work it out," Cornyn told reporters. And EPW Chairman John Barrasso suggested the move might have just been the senators doing what's in the best interest of their states: "Every senator gets to speak for themselves and do whatever they need to do," he told ME.

**** A message from Chevron:** When an endangered butterfly was found near a Chevron refinery, we protected the habitat and still plant the only thing they eat—buckwheat. Watch the video: <http://politi.co/2gyQXsp> **

DUCKWORTH: JUST WAIT! She's been urging her GOP colleagues to let EPA's final biofuels volumes come out on Nov. 30 before considering Wehrum's nomination on the Senate floor, because Duckworth questions the legality of the reassurances Pruitt sent to corn-state senators last week. "I don't know that it doesn't open the administration to lawsuits from the very same oil interests Mr. Wehrum used to represent," she told ME. "I've been pressuring them to not accept just the word of Mr. Pruitt ... It's simple — just wait, let the rulemaking be done. Just wait!"

MAIL CALL! GOTTA SHOW YOUR WORK! A group of 19 members of the Senate Democratic caucus requested all the documents related to EPA's cost-benefit analysis that they argue relied on "mathematical sleights of hand to over-state the costs of industry compliance" but formed an important part of the proposed repeal of the Clean Power Plan. "Denying the science

and fabricating the math may satisfy the agency's paperwork requirements, but doing so will not satisfy the requirements of the law," the letter, led by EPW ranking member [Tom Carper](#), said.

Senators: This won't be popular: Eleven Democratic senators are wagging their fingers at Zinke's decision to dramatically increase entrance fees to many of the country's most popular national parks, such as Grand Canyon, Yellowstone and Yosemite. "We believe that it is especially problematic for your Department to propose fee increases at the same time that the Trump Administration is recommending slashing National Park Service funding levels and holding virtual fire-sales on our public resources at below market value," the [letter](#), led by Cantwell, said. The timing of the increase is especially curious as Zinke proudly boasted of record numbers of visitors just a few months ago.

Wildfire funding must come next: A bipartisan group of eight senators asked Trump in a [letter](#) to prioritize federal funding for wildfires in the next round of disaster relief funding. "We urge you to make it a priority that all Americans who need emergency assistance get what they need, whether affected by a hurricane, wildfire, or other disaster," the letter, led by Sen. [Kamala Harris](#), wrote.

LAWSUIT ROUNDUP! 'SUE AND SETTLE' ORDER GETS FIRST TEST: The state of North Dakota says EPA Administrator Scott Pruitt's recent "sue and settle" [directive](#) bolsters its own argument to nullify a court order requiring the agency to review oil and gas wastewater rules. Environmental groups complained that EPA had not updated its oil and gas wastewater disposal rules since 1988, despite major changes related to the fracking boom and a statutory requirement that EPA reconsider the rules every three years. In December, they struck a deal that requires EPA to decide whether or not to update those rules by March 2019.

North Dakota says Pruitt's order backs up their request that the D.C. Circuit overturn the consent decree. Pruitt's "sue and settle" order "aligns with North Dakota's argument that the settlement in this case imposed obligations on U.S. EPA that go beyond" the law's requirements, the state wrote in a short [letter](#) to the court on Thursday. Environmental groups have pointed out that, in the event EPA does decide to take action, the agency will go through the normal notice-and-comment rulemaking process. Oral arguments are slated for Nov. 7.

Not waiting any longer: Environmental Defense Fund sued EPA Thursday over a series of unfiled FOIA requests concerning Pruitt's ethics conflicts, schedule and plans for agency science, Pro's Emily Holden [reports](#). The agency has faced a flood of public records requests during the Trump era with the Office of Public Affairs warning some may take more than a year — well over statutory limits — to fulfill.

Not a pleasant diversion? A handful of green groups filed a lawsuit in federal district court challenging federal approval of a project that would divert water from the Colorado River to customers in the Front Range area of Colorado, Pro's Esther Whieldon [reports](#). The Windy Gap Firing Project would divert tens of thousands of acre feet of water from the Colorado River each year to help fill a new reservoir on the Front Range area of Colorado.

ANALYSES OF PERRY GRID PROPOSAL RELEASED: Implementing Energy Secretary

Rick Perry's grid resiliency proposal could cost consumers up to \$10.6 billion per year, according to [new research](#) from the Energy Innovation and the Climate Policy Initiative. Ninety percent of the benefits to the nuclear sector would go to just five companies — Exelon, Entergy, PSEG, NextEra and FirstEnergy — while 80 percent of the benefits to the coal industry would also go to just five companies — NRG, Dynegy, FirstEnergy, American Electric Power and Talen Energy. Former FERC Commissioner Colette Honorable co-authored initial perspectives on the grid proposal comments for Reed Smith [here](#).

THEY'RE GOING TO MIAMI: A large group of Transportation Committee members — Chairman [Bill Shuster](#), [Garret Graves](#), [Grace Napolitano](#), [Brian J. Mast](#), [Daniel Webster](#), [Frederica Wilson](#), [Lois Frankel](#), [Mario Diaz-Balart](#), [Carlos Curbelo](#) and [Eddie Bernice Johnson](#) — gather this morning at 9:30 a.m. at Port Miami to discuss concepts for the next Water Resources Development Act. Webcast [here](#).

STANDING STRONG: There may be a new political dynamic in Germany, but all the parties involved in talks to form a government agreed Thursday to uphold previously set climate goals for 2020, 2030 and 2050, POLITICO Europe's Emily Schultheis and Cynthia Kroet [report](#). The parties — the center-right CDU/CSU alliance, the liberal Free Democratic Party (FDP) and the Greens — did not, however, discuss all the specific means by which these goals would be reached.

MOVER, SHAKER: Mary Martin is the new chief counsel for both the House Energy and Commerce Energy and Environment subcommittees. She's previously been deputy chief counsel for both subpanels and before that was policy counsel and committee executive to the environment, technology & regulatory affairs division at the U.S. Chamber of Commerce.

QUICK HITS

- EPA: Michigan Should Boost Water Safety in Flint, Statewide. [AP](#).
- Trump pledges to speed up Lake Okeechobee dike repairs. [Palm Beach Post](#).
- Four Quitters Walk Into a Bar... [Huffington Post](#).
- Latest U.S. State to Offer Nukes a Lifeline Is Connecticut. [Bloomberg](#).
- Trump's devotion to coal mining puts Utah dinosaur discoveries in danger, scientists say. [Los Angeles Times](#).
- Trump pick for top environmental post once wrote Texas would be 'better off' as an independent republic. [CNN](#).
- Top Venezuela oil executive Chacin arrested in graft probe -sources. [Reuters](#).

HAPPENING TODAY

9:30 a.m. — World Resources Institute hosts press call on what to expect from COP23 held in Bonn, Germany, RSVP: rgerholdt@wri.org

11:30 a.m. — The Puerto Rico Institute for Competitiveness and Sustainable Economy will hold a discussion on "Puerto Rico: How Best to Get and Keep the Lights Back on." 2043 Rayburn

THAT'S ALL FOR ME!

**** A message from Chevron:** This is a story about DOERS, butterflies, and buckwheat. In '75, the endangered El Segundo Blue butterfly was found near a Chevron refinery. We protected the habitat and planted the only thing they eat—buckwheat. We're still planting and keeping an eye on our littlest neighbor. Watch the video: <http://politi.co/2gyQXsp> **

To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/10/energy-dominance-meets-market-realities-025254>

Stories from POLITICO Pro

Interior's 'fire sale' for oil leases may come up short [Back](#)

By Ben Lefebvre | 10/27/2017 05:01 AM EDT

The Interior Department's latest attempt to jump-start President Donald Trump's pledge to unleash American "energy dominance" might run into cold market reality.

Interior plans to offer up for lease every available tract in the Gulf of Mexico as well as every open acre in Alaska's National Petroleum Reserve-Alaska in a bid to spur more oil and gas development. But with oil still hovering at \$50 a barrel, and private land available in West Texas and North Dakota for fracking, Interior's plan to flood the market may find relatively few takers, experts said.

"It's almost like having a fire sale of all the acreage," said Ken Medlock, director of the Baker Institute's Center for Energy Studies at Rice University. "Wouldn't surprise me at all if there's a lot of acreage that doesn't sell."

Interior Secretary Ryan Zinke has said making the federal land available would prime the pump for more oil and gas production. The department plans to offer 10 million onshore acres in the NPR in northern Alaska in December and 77 million offshore acres across the entire Gulf of Mexico in March. And Interior will start offering leases for the entire Gulf of Mexico twice a year, a change from the previous practice of annual lease sales offering only specific portions of the Gulf at any given time.

"In today's low-price energy environment, providing the offshore industry access to the maximum amount of opportunities possible is part of our strategy to spur local and regional economic dynamism and job creation and a pillar of President Trump's plan to make the United

States energy dominant," Zinke said in the offshore lease announcement.

While the lease sales are likely to generate some money for the federal government, analysts said the agency might be limited to a short-term cash infusion from the bids themselves, rather than generating much in royalties on production, since many companies would likely sit on the acreage and wait for oil prices to rise before drilling.

"Bidding on those leases generates revenue in [the first year] for the U.S. taxpayer, which has a benefit all its own," said Kevin Book, managing director for research at ClearView Energy Partners LLC. "As a result, offering as much as possible for lease may have the effect of maximizing bid bonuses, particularly if the leases come with favorable terms."

Interior's lease sales likely won't spur much oil and gas development in the Gulf or Alaska, however. The remoteness of both areas means production costs are high, making new projects in those locations a tough sell to companies that are grappling with low oil prices and are focused on increasing production in the lower 48 states.

U.S. oil production averaged 8.8 million barrels a day last year, up from 5.6 million barrels in 2011, according to Energy Information Administration data. Nearly 1 million barrels per day of U.S. crude are being exported this year.

Deep-water offshore projects cost billions of dollars and can take a decade to develop, and many companies have slashed spending in those areas, according to a recent [report](#) from market consulting agency IHS Markit.

The most likely outcome of the Gulf lease sale will be a modest number of companies picking up acreage adjacent to drilling rigs they already have operating, analysts said. That means that the March offshore lease sale may see a repeat of the result from the big offshore sale Interior held in August, said Justin Devery, a principal energy researcher at IHS Markit.

Interior had touted that last offshore lease sale as the biggest ever held by the department, with leases for 76 million acres up for sale. But the revenues for the government still fell relatively short, with Interior [garnering](#) \$121 million from bids on 508,096 acres.

"The last [sale] was big and wide and there were only about 100 bids, so it wasn't an overwhelming response, that's for sure," Devery said. "The guys out there, they're adding inventories, adding to plays they already have, but there's no wildcatting going on. They're still showing up [to the lease sales], just not buying a lot."

In Alaska, there may be even less interest. BLM [offered](#) 1.5 million acres in the NPR-A in December 2016, and oil companies bid on only 613,528 acres.

ConocoPhillips, which [announced](#) in January a promising discovery in the area, accounted for nearly half of the 92 overall bids in that sale, with only three other, smaller companies participating. ConocoPhillips declined to say whether it was interested in properties in the upcoming NPR-A lease sale.

Oil companies already hold leases for just over 1 million acres of federal lands in Alaska, according to [government data](#). Of that, only 16,822 acres are in production.

The remainder of those are acres the public cannot use and are not generating income for taxpayers, noted Nada Culver, senior counsel and director of the Wilderness Society's BLM Action Center.

"We will lose the ability to use those lands, and at the same time we're not necessarily going to see a return," Culver said. "So the American taxpayer is getting ripped off twice — you can't use these lands, and you're not getting a return on them letting these companies lock them up."

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[Back](#)

Committees seek info on Whitefish Energy contract for Puerto Rico [Back](#)

By Ben Lefebvre and Anthony Adragna | 10/26/2017 04:02 PM EDT

Several lawmakers today stepped up their efforts to get more information about how a small Montana company was selected to help rebuild Puerto Rico's electric grid.

The House Energy and Commerce Committee is asking for a briefing from Whitefish Energy. Republicans on the House Natural Resources Committee are seeking answers from the Puerto Rico Electric Power Authority, the utility that selected the Whitefish, Mt.,-based firm. And the ranking Democrats from the Senate Energy and Natural Resources and Finance committees requested an investigation from the Government Accountability Office.

"In light of the questions that have been raised about your company's involvement in recovery efforts ... it is important to develop a clear understanding of the facts," a bipartisan group of Energy and Commerce Committee leaders wrote today in a [letter](#) to Whitefish Energy CEO Andrew Techmanski.

Separately, House Natural Resources Chairman [Rob Bishop](#) and Oversight Subcommittee Chairman [Bruce Westerman](#) sent a [letter](#) to PREPA seeking all documents related to its decision to ink the Whitefish contract and for an explanation of how it enters into third-party contracts.

Senate Energy ranking member [Maria Cantwell](#) and Sen. [Ron Wyden](#), the top Finance Democrat, asked GAO to investigate the contract in their own [letter](#).

Whitefish Energy's contract with the Puerto Rico Electric Power Authority has raised questions about whether the small, young company is equipped to do the work. The company is based in the hometown of Interior Secretary Ryan Zinke, but officials with the company and department have said that had nothing to do with it winning the contract.

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[Back](#)

Murkowski, Cantwell press for distributed power in Puerto Rico, Virgin Islands [Back](#)

By Emily Holden | 10/26/2017 05:42 PM EDT

The top Republican and Democrat on the Senate Energy and Natural Resources Committee are calling on the Senate leadership to press for weather-resilient distributed energy to rebuild the power grids in hurricane-ravaged Puerto Rico and the U.S. Virgin Islands.

Committee chairman [Lisa Murkowski](#) and ranking member [Maria Cantwell](#), today signed on to a [letter](#) spearheaded by Sen. [Al Franken](#) (D-Minn.). Sen. [Orrin Hatch](#) (R-Utah) and [Rob Portman](#) (R-Ohio) joined them.

The senators said Hurricanes Irma and Maria exposed the vulnerability of the power grids on the islands, and some communities face months without electricity. Congress has already approved about \$52 billion in aid for recent hurricanes and is expected to sign off on more spending.

"Decentralized energy resources operating in microgrids are more likely to remain functioning during and after storms," the letter said, noting that the declining costs of solar, wind, energy efficiency and battery storage in many instances makes them more affordable than existing power sources. The islands rely mostly on power plants fueled by oil, natural gas and coal.

In a speech over the weekend at the Alaska Federation of Natives convention, Murkowski broke with the party line to emphasize that "climate change is real" and she backed adding more alternative energy across the state, where rural communities often rely on diesel generators.

"Our world is changing," she said, according to [Alaska Public Media](#). "And we all know that climate change is at the heart of this change."

To view online [click here.](#)

[Back](#)

White House seeks offsets for third disaster package [Back](#)

By Sarah Ferris | 10/25/2017 11:52 AM EDT

The White House plans to ask Congress for "tens of billions" of dollars in additional disaster relief funding next month and urge lawmakers to at least partially offset that spending.

OMB Director Mick Mulvaney told Senate Majority Leader [Mitch McConnell](#) in a letter Tuesday that the Trump administration will formally request the money "in mid-November," marking the third emergency aid package in three months.

Mulvaney also delivered his strongest plea yet for GOP leaders to offset the funding, rather than considering it "emergency" dollars that don't count toward Congress' spending limits, as first reported in [POLITICO Playbook](#).

"As we move toward the longer-term issue of rebuilding the impacted areas of our Nation, we believe it would be appropriate that the Congress consider reducing spending elsewhere," Mulvaney wrote in the letter.

The comments — consistent with Mulvaney's stance when he served in Congress — will likely complicate passage of the next cash infusion for FEMA.

Congress has now approved more than \$52 billion in emergency disaster aid this year, [clearing](#) the latest \$36.5 billion package ([H.R. 2266 \(115\)](#)) Tuesday.

The budget director said he will craft the next spending request with direct help from affected lawmakers — an apparent attempt to appease Texas and Florida members who say they were ignored in the White House's last request.

Those frustrations have become an issue for the administration. Sen. [John Cornyn](#) has said he plans to block the confirmation of Mulvaney's deputy director, Russ Vought, until the Texas Republican is assured that his home state will receive adequate aid in the next package.

To view online [click here](#).

[Back](#)

Pruitt issues EPA directive to curb 'sue and settle' [Back](#)

By Alex Guillén | 10/16/2017 12:34 PM EDT

EPA Administrator Scott Pruitt today signed a [directive](#) and accompanying [memo](#) meant to curtail what he has criticized as EPA's "sue and settle" practice.

The new directive calls for more agency outreach to industry groups and will require EPA to post various documents related to such lawsuits online.

Pruitt and other Republicans have long been critical of EPA for settling suits with environmental groups over missed statutory deadlines. Green groups and Democrats note the consent decrees generally only lock in a timeline for the agency to act, not the underlying regulatory details.

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[Back](#)

EDF sues EPA over delays in releasing public records [Back](#)

By Emily Holden | 10/26/2017 04:41 PM EDT

The Environmental Defense Fund said today it is suing EPA for failing to release public records about Administrator Scott Pruitt's potential ethics conflicts, schedule or plans for agency science that the group has sought under the Freedom of Information Act.

According to the [lawsuit](#) filed with the D.C. Circuit of the U.S. Court of Appeals, one of EDF's requests dates back to January, and the others are from March and June. A statutory deadline gives EPA 20 days to make a determination on whether to release information unless there are certain "unusual circumstances." EDF says EPA has not demonstrated those circumstances or sought an extension.

The agency has said it is receiving high volumes of public records requests. The Office of Public Affairs, for example, recently said it received 154 requests in fiscal 2017, compared to 14 in fiscal 2016. OPA has said some requests will take more than a year to fulfill.

An EPA spokesperson said the agency does not comment on pending litigation.

EDF is seeking information about an ethics agreement Pruitt signed while his nomination was pending, including why he determined he could work on a rule to withdraw the Clean Power Plan even though he brought lawsuits against it as attorney general of Oklahoma.

The group is seeking Pruitt's daily schedules, too. EDF argues that releases so far have included many redactions and that a recently published public calendar is brief and vague.

To view online [click here](#).

[Back](#)

Green groups sue over federal approval of Colorado River diversion project [Back](#)

By Esther Whieldon | 10/26/2017 04:28 PM EDT

A handful of environmental groups today filed a lawsuit challenging the federal government's approval of a project that would divert water from the Colorado River to customers in the Front Range area of Colorado.

The [lawsuit](#) filed with the U.S. District Court for the District of Colorado challenges the Bureau of Reclamation's decision in 2014 and the Army Corps of Engineers' action in May approving

the Windy Gap Firming Project. That project, proposed by the Northern Colorado Water Conservancy District, would divert tens of thousands of acre feet of water from the Colorado River each year to help fill a new reservoir on the Front Range area of Colorado.

The decision comes as lower basin states are working on a plan to voluntarily reduce their usage beyond mandatory levels to address problems caused by the river's shrinking supplies.

The green groups contend the agencies failed to consider alternatives to the project and ignored flaws and gaps in the data and in Reclamation's review.

"This case boils down to inadequate analysis and poor decisionmaking resulting in significant water diversions from the already depleted Colorado River," said the lawsuit filed by the Save the Colorado, Save the Poudre: Poudre Waterkeeper, WildEarth Guardians, Living Rivers and Waterkeeper Alliance.

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[Back](#)

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To: Dravis, Samantha[dravis.samantha@epa.gov]
From: POLITICO Pro Energy
Sent: Fri 10/6/2017 9:44:12 AM
Subject: Morning Energy, presented by Chevron: Changing the math on the Clean Power Plan — Perry's eagerly anticipated hearing next week — DOE, PHMSA picks confirmed

By Anthony Adragna | 10/06/2017 05:42 AM EDT

With help from Eric Wolff and Darius Dixon

Morning Energy will not publish on Monday, Oct. 9. Our next Morning Energy newsletter will publish on Tuesday, Oct. 10. Please continue to follow Pro Energy issues here.

CHANGING THE MATH ON CLIMATE CHANGE: In a move that will set the tone for the Trump administration's legal and political battles over climate regulation, EPA plans to consider fundamentally altering the benefits it associates with the Clean Power Plan in an upcoming proposal to rescind the Obama-era emissions reduction rule, Pro's Emily Holden reports, citing multiple sources familiar with recent drafts. Taken together, the changes will eliminate tens of billions of dollars in the Clean Power Plan's benefits that could be used to bolster EPA Administrator Scott Pruitt's legal argument for pulling back the regulation.

Among the changes, President Donald Trump's EPA will dramatically alter its use of the social cost of carbon by no longer considering any social or economic benefits the rule creates outside the United States and counting far fewer of the health benefits that might have come from reducing air pollutants. Obama's regulators accounted for the fact that levels of sulfur dioxide, nitrogen dioxide and particulate matter would decline along with the greenhouse gases, but the Trump proposal won't count any of those additional reductions if pollutant levels were already at levels deemed safe by the agency in other regulations.

Proponents of the Obama regulation argue Pruitt's EPA is relying on fuzzy math and ignoring the fact utilities are transitioning to cleaner energy sources faster than anticipated. Janet McCabe, who led EPA's air office under Obama, said Trump's team seems to be ignoring the fact that many states are already on track to hit the rule's targets ahead of schedule. "Every other story is about how costs are coming down, about how emissions are reducing, about how power companies are making choices to close their coal plants or run them less because they're so expensive," she said. And David Doniger, climate director for the Natural Resources Defense Council, said "the courts are going to look very, very hard at this kind of cooking of the books."

EPA spokeswoman Liz Bowman's response: "While it appears you are writing a piece based on rumors about CPP, the facts are that the Obama administration's estimates and analysis of costs and benefits was, in multiple areas, highly uncertain and/or controversial."

TGIF ONE AND ALL! I'm your host Anthony Adragna, and Craig Meyers was first up to identify Reps. Debbie Dingell and Doris Matsui as the two current lawmakers who replaced their spouses in their congressional seats. For today: Who is the first participant in the U.S. Senate Youth Program to be elected to the body? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning_Energy](https://twitter.com/Morning_Energy), and

[@POLITICOPro](#).

GET YOUR POPCORN READY! Energy Secretary Rick Perry should expect a bevy of tough questions in his [first appearance](#) before the House Energy and Commerce Subcommittee on Energy next Thursday. Chief among them will be his effort to quickly push through new FERC rules benefitting coal and nuclear plants that has united the oil, gas, wind and solar industries — along with consumer groups — against him. Look for Democrats to push Perry on his use of non-commercial aircraft as secretary, in light of reports he chartered a private plane one day before HHS Secretary Tom Price resigned. More information on the Oct. 12 hearing [here](#).

He may not enjoy a home field advantage: Fellow Texans are usually quite chummy with their former governor but the FERC grid proposal might have them peppering Perry with non-softballs. Rep. [Pete Olson](#) said Perry had grabbed "the tiger by the tail" and predicted it would be a "big" area of discussion from both parties. "I'm concerned because it appears to be picking winners and losers," he told reporters. "Every time we do that, it hurts the consumer."

But first: Perry is scheduled to speak this morning at a [Veterans in Energy](#) forum in Arlington, Va. this morning.

DOE, PHMSA PICKS CONFIRMED: Before heading out on a 10-day recess, the Senate confirmed by voice vote Howard "Skip" Elliott to run the Pipeline and Hazardous Materials Safety Administration and Bruce Walker to lead DOE's electricity delivery and energy reliability office. Lawmakers also cleared Timothy Gallaudet's nomination as No. 2 at NOAA by voice vote and passed a [resolution](#) declaring Thursday "Energy Efficiency Day."

Not in the cards: Confirmation of FERC chairman nominee Kevin McIntyre and Democratic commissioner pick Rich Glick. Senate Energy and Natural Resources Chairman [Lisa Murkowski](#) asked unanimous consent to approve the selections, but an unidentified senator objected. Murkowski, who has been pushing to get FERC to full complement this week, said on the floor she was "disappointed" after the objection.

HELP THAT MESS IN TEXAS: Gov. Greg Abbott, Sens. [John Cornyn](#) and [Ted Cruz](#) and all but three of Texas' House members [requested](#) \$18.7 billion in disaster funding be included in the next Appropriations package as the state continues its recovery from Hurricane Harvey. "We all recognize that the funding already appropriated is a small fraction of the federal resources needed to help rebuild Texas," they wrote.

Not so fast? House Majority Leader [Kevin McCarthy](#) indicated Thursday his chamber would take up the White House's \$29 billion [disaster aid request](#) next week but Republican Study Chairman [Mark Walker](#) said his influential bloc might oppose the package without corresponding spending cuts, Pro's Budget & Appropriations Brief's Sarah Ferris [reports](#).

Seems unnecessary: The Trump administration removed information about the status of drinking water and electricity access on Puerto Rico from FEMA's site, The Washington Post [reports](#). Government [figures](#) show 9.2 percent of the island now has electricity and 54.2 percent of people have potable drinking water. Meanwhile, Flint Mayor Karen Weaver released a [letter](#)

of support Thursday to San Juan Mayor Carmen Yulin Cruz sent earlier in the week.

Over in Florida, lawmakers are looking at potential ways to alleviate fuel shortages in the aftermath of hurricanes, but POLITICO Florida's Bruce Ritchie reports solutions may be elusive. That isn't stopping Democratic Sen. Bill Nelson, who filed legislation Thursday requiring DOE to create a gas supply reserve that would hold at least 1 million barrels of oil in two separate locations, Bruce and Sergio Bustos report.

Veep alert! Vice President Mike Pence is visiting the U.S. Virgin Islands and Puerto Rico today for an update on Hurricane Maria recovery efforts.

BETTER LATE THAN NEVER? As POLITICO reported was likely way back in March, the White House formally selected Faegre Baker Daniels attorney Andrew Wheeler to serve as No. 2 at EPA, Pro's Alex Guillén reports. Wheeler, a former staffer to Sen. Jim Inhofe and the EPW Committee, was formerly a registered lobbyist for coal producer Murray Energy but deregistered in an Aug. 11 filing. Hopefully, he'll keep participating in ME's trivia!

REPORT: ENERGY-RELATED CO2 EMISSIONS DOWN: Energy-related emissions of carbon dioxide fell 1.7 percent in 2016 — that's 89 million metric tons, according to an Energy Information Administration report out Thursday. Emissions have declined in six of the past 10 years and energy-related ones are down 14 percent from 2005 levels. Transportation-related carbon emissions rose in 2016, though emissions from the industrial, commercial and sectors were all down. Natural gas emissions surpassed those from coal in 2016, though the report notes "natural gas produces more energy for the same amount of emissions as coal."

**** A message from Chevron:** We're piloting a program that uses drones to keep an eye on Chevron wells, tanks, and pipelines—all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> **

LAWSUIT THREATENED OVER MISSED OZONE DEADLINE: A group of 14 state attorneys general threatened to sue EPA for missing an Oct. 1 deadline to decide which parts of the U.S. do or do not meet the 2015 ozone standard. They join a coalition of environmental groups, which vowed to sue Pruitt earlier this week.

TAX OVERHAUL: BIOFUELS PRODUCERS LIKE THE PASSTHROUGH TAX BREAKS: Like everyone, ethanol producers await the details of Republican tax overhaul plans, but they see at least one feature they like: the tax cut on passthrough businesses. The principles in the "Big Six" tax overhaul call for a reduction in the tax rate from 36.9 percent to 25 percent on taxes paid by businesses run by sole proprietors, partnerships, and "S Corps", commonly called "passthrough" businesses. "That's how our plants are mostly organized, we see this as potential positive for our members," said John Fuhrer, senior director for government affairs for Growth Energy, an ethanol producers group.

FERC EYES NEW ENFORCEMENT CHIEF: Two sources with knowledge of the plans tell Pro's Darius Dixon and Esther Whieldon that Skadden attorney John Shepherd Jr. is expected to become FERC's next enforcement chief. According to Shepherd's bio, his practice focuses on

market design, market power and market manipulation issues in the energy and natural gas markets. The timing of the announcement is not certain.

GRIFFITH STEPPING INTO MURPHY'S E&C SLOT: With embattled Rep. [Tim Murphy](#) opting Thursday to [resign from Congress](#) later this month, an Energy and Commerce aide tells ME Virginia Rep. [Morgan Griffith](#) is expected to become chairman of the panel's Oversight and Investigations Subcommittee.

ASSUME E15 BILL DEAD (FOR NOW): Both Senate EPW Chairman [John Barrasso](#) and bill sponsor [Deb Fischer](#) now say a measure [S. 517 \(115\)](#) that would allow year-round sales of higher blends of ethanol won't even get a committee vote this year, Pro's [Eric Wolff reports](#). Even with five committee members as co-sponsors, there wasn't sufficient support among panel members and a flurry of amendments threatened to go after bedrock environmental laws. "I think what happened [was] it looked like we were really going to do this. So we loaded the box up with every Clean Air Act amendment we could think of," a refining industry source who opposed the bill told Eric.

MAIL CALL! GOP URGES DOI LEAK PROBE! House Natural Resources Chairman [Rob Bishop](#) and Oversight Subcommittee Chairman [Bruce Westerman](#) sent a [letter](#) Thursday requesting a briefing and copies of written policies concerning unauthorized leaks at Interior. They point to four leaks over the past several months with documents not yet finalized. "Improper disclosure of internal agency information, however, both classified and nonclassified, is an unacceptable practice," they wrote. "It is vital that those responsible for unauthorized releases are held accountable."

TWO THUMBS UP! Sen. [Bill Cassidy](#), [Barrasso](#) and [Murkowski](#) wrote a [letter](#) Thursday to [Perry](#) to voice support for a proposed rule that would speed approvals of small-scale liquefied natural gas exports. DOE formally [proposed the regulation](#) on Sept. 1 and the comment period ends Oct. 16.

ANOTHER PRUITT PROBE PURSUED: Three senior House Energy and Commerce Democrats — [Frank Pallone](#), [Paul Tonko](#) and [Diana DeGette](#) — asked EPA's inspector general in a Thursday [letter](#) to investigate [Pruitt's](#) installation of a \$25,000 "privacy cube" in his office. "[Americans] have a right to know if Administrator [Pruitt](#) is wasting taxpayer money on duplicative and unnecessary purchases for his office," they wrote.

HEARING ON FEDERAL STAFFING SOUGHT: All House Oversight Democrats asked for a hearing to be scheduled on Trump administration efforts to downsize the federal workforce. Read it [here](#).

KELLOGG VP SEEKING UPTON'S SEAT: Democrat [George Franklin](#), a vice president at Kellogg announced Thursday he'll seek Energy and Commerce Energy Subcommittee Chairman [Fred Upton's](#) congressional seat, [WWMT reports](#). It remains unclear, of course, whether the incumbent [Upton](#) will seek reelection to the House, run for Senate or retire.

RECORDS SOUGHT FOR PERRY'S TRUMP HOTEL SPEECH: Citizens for

Responsibility and Ethics in Washington filed a FOIA request seeking all records and requests for reimbursement stemming from Perry's speech to the National Mining Association at the Trump Hotel earlier this week. Copy [here](#).

MUSK'S BIG IDEA: Elon Musk is open to helping rebuild Puerto Rico's electric grid. "The Tesla team has done this for many smaller islands around the world, but there is no scalability limit, so it can be done for Puerto Rico too. Such a decision would be in the hands of the PR govt, PUC, any commercial stakeholders and, most importantly, the people of PR," he [tweeted](#) Thursday. Gov. Ricardo Rossello [responded](#) on Twitter "let's talk" and said Puerto Rico could be Musk's "flagship project"

ANTI-PIPELINE AD LAUNCHED IN VIRGINIA: The Southern Environmental Law Center launched a \$200,000, three-week television [ad campaign](#) in Virginia opposing the Atlantic Coast Pipeline being pushed by Dominion Energy.

HUNDREDS SEEK WILDFIRE FIX: More than 200 groups [asked](#) congressional leadership to enact "a comprehensive solution to the wildfire suppression funding issue that addresses the borrowing issue and the erosion of budgets due to increasing wildfire suppression costs." They voiced support for bipartisan House [H.R. 2862 \(115\)](#) and Senate [S. 1842 \(115\)](#) bills.

QUICK HITS

- Jerry Brown's California Dream: The Rolling Stone Interview. [Rolling Stone](#).
- US oil exports will keep booming after hitting record 2 million barrels a day, analysts say. [CNBC](#).
- U.S. Gulf oil producers curtail output ahead of Tropical Storm Nate. [Reuters](#).
- Interior Department rejects 25 endangered species petitions, including several linked to climate change. [Washington Post](#).
- EPA's Scott Pruitt prefers meeting with Republicans, just not on Mondays. [CNN](#).
- Worker dies at Kentucky coal-fired power plant. [AP](#).

HAPPENING TODAY

9:00 a.m. — 2017 Veterans In Energy [Forum](#), NRECA, 4301 Wilson Blvd. Arlington, VA 22203

11:00 a.m. — Sen. Angus King holds a Senate Energy Committee field hearing in Searsmont, Maine on how combined heat and power and microgrid technology approaches can reduce industrial energy costs, watch [here](#)

THAT'S ALL FOR ME!

**** A message from Chevron:** This is a story about energy, safety, and some truly high-flyin' doin'. We're piloting a program that uses drones, HD imaging, and thermal mapping to help keep a close eye on Chevron wells, tanks, and pipelines—all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> **

To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/10/changing-the-math-on-the-clean-power-plan-024942>

Stories from POLITICO Pro

EPA's climate rule withdrawal will include big changes to cost calculations [Back](#)

By Emily Holden | 10/05/2017 08:47 PM EDT

The Trump administration will consider fundamentally limiting the way the federal government counts benefits from curbing climate change and air pollution in an upcoming proposal to rescind former President Barack Obama's signature climate regulation, according to multiple sources familiar with recent drafts.

In nixing the Clean Power Plan, EPA will suggest changing the benefits it counts, which would bolster its arguments that the rule's economic burdens would outweigh its gains from cleaner air, reduced illnesses and greater energy efficiency.

President Donald Trump has long vowed to erase Obama's restrictions on coal plants, and then announced he was pulling out of the Paris climate accord, so it's no surprise he plans to eliminate the rule. But the fine print will have big implications for the inevitable yearslong legal fights to come. It could anger environmental advocates while satisfying some industries and conservative states.

"It may seem like inside baseball, but this is going to set the tone," said John Larsen, a director at the analysis firm Rhodium Group. "We haven't seen the details of any sort of regulatory plan from this administration yet on climate."

EPA could release its withdrawal proposal in the coming days, while leaving the door open to eventually replace the rule with one that would pose minimal costs but provide few climate benefits, as POLITICO [reported](#) last month.

Among other changes, Trump's EPA will drastically alter how it uses the social cost of carbon, a metric for assigning a monetary value to curbing emissions. The agency will decline to consider any social or economic benefits the rule creates outside the United States — unlike the Obama administration, which included worldwide impacts in its calculations.

And it will count far fewer of the health benefits that might have come from reducing air pollutants that cause premature deaths, heart attacks and asthma hospitalizations.

Taken together, the sources say, the recalculations eliminate tens of billions of dollars of the rule's benefits, which Obama's EPA had contended would outweigh the costs of enforcing a faster shift away from coal-fired power. The new numbers could be meant to aid EPA Administrator Scott Pruitt's legal case for scrapping the rule.

The rule's supporters are already accusing Trump and Pruitt of promoting fake math. They say the administration is ignoring the reality that power companies are making the transition to green energy even faster than Obama anticipated.

"Like so many things, they seem to be completely ignoring what's happening in the real world," Janet McCabe, who led EPA's air office under Obama, said of Trump's team. "Every other story is about how costs are coming down, about how emissions are reducing, about how power companies are making choices to close their coal plants or run them less because they're so expensive."

David Doniger, climate director for the Natural Resources Defense Council, said that "the courts are going to look very, very hard at this kind of cooking of the books."

"There are two kinds of ways to get the law wrong, to play fast and loose with science and facts or with the economics, and you can lose for either or both reasons," he said.

But EPA spokeswoman Liz Bowman said that if anyone's numbers were questionable, it was Obama's.

"While it appears you are writing a piece based on rumors about CPP, the facts are that the Obama administration's estimates and analysis of costs and benefits was, in multiple areas, highly uncertain and/or controversial," she said in an email Thursday night.

The businesses and states that opposed Obama's regulation say it's about time EPA reconsidered the costs. For example, it's reasonable to count only the rule's U.S. benefits since Americans would be paying the costs, said Jeff Holmstead, an industry lawyer who was EPA's air administrator under former President George W. Bush.

The math surrounding the rule has long been a political lightning rod.

The Obama-era EPA said the rule would be a net gain for society because shifting to cleaner energy sources would slow climate change and reduce pollution-related illnesses, among other benefits. In contrast, studies financed by conservative groups estimated that the regulation would cost the economy hundreds of billions of dollars during the same time frame.

The rule sought to cut the U.S. power industry's carbon pollution 32 percent by 2030, compared with 2005 levels — and as of two years ago, the country was more than halfway there. The regulation was the centerpiece of Obama's pledge that the U.S. would fulfill its part of the 2015 Paris climate agreement.

Trump has since announced he's pulling the United States out of Paris, unless he can "negotiate"

a more favorable deal, and he's ordered EPA to undo a host of Obama-era regulations, chief among them the Clean Power Plan.

He has also directed his agencies to recalculate Obama's math on the social and economic impacts of climate change.

In a March [executive order](#), Trump disbanded an interagency team that had been working on revising the social cost of carbon.

He also told his agencies to revert to White House [guidance](#) from 2003, which directed regulators performing cost-benefit analyses to "focus on benefits and costs that accrue to citizens and residents of the United States." Any look at international implications should go into a separate report, the George W. Bush-era guidance said.

That "America First" approach to regulation is a big departure from Obama's methods, which considered the worldwide effects of reducing U.S. carbon pollution, but it will help Trump's EPA justify repealing the rule.

In the Clean Power Plan, the Obama administration had estimated that each metric ton of carbon dioxide imposes about \$40 of costs on society. That means the plan would yield about \$30 billion in global climate benefits by 2030 — but only \$2 billion to \$7 billion in domestic gains, less than the rule's estimated cost, according to the think tank [Brookings](#).

Experts who support the international strategy say going back is misguided. Michael Greenstone, the chief economist for Obama's Council of Economic Advisers in 2009 and 2010, [told lawmakers in March](#) that using a social cost of carbon that incorporates only U.S. benefits is "essentially asking the rest of the world to ramp up their emissions."

Noah Kaufman, an economist for World Resources Institute's climate program, said that "because climate change is a global problem, it requires a global solution."

"If countries try to solve it only for themselves, not taking into account how U.S. emissions affect the global community, and the global community doesn't consider how it affects us ... you're just never going to solve the problem," Kaufman said.

EPA will also refuse to count many of the health benefits that the Obama administration estimated would arise as side effects of reducing carbon emissions, the sources said. Specifically, Obama's regulators accounted for the fact that levels of sulfur dioxide, nitrogen dioxide and particulate matter — pollutants already regulated by other EPA rules — would decline along with the greenhouse gases.

In contrast, Trump's EPA won't count those ancillary reductions if the pollutants were already below levels that the agency has deemed safe in other standards.

Environmental advocates say that logic is wrong, because further curbing those pollutants means people will be even healthier. But Holmstead said that while it's legitimate for EPA to look at the

other pollutant reductions the rule might achieve, the agency shouldn't count them to offset costs.

The changes to the cost-benefit analysis will come in a regulatory impact analysis that aims to highlight a wide range of cost estimates for the rule. The analysis will accompany EPA's proposed rule for rescinding the Clean Power Plan and its advanced notice of proposed rulemaking on options to replace the regulation.

Obama's critics estimate the rule would force consumers to pay \$200 billion more by 2030 and saddle electricity customers with double-digit price hikes in many states, according to a [study](#) contracted by the conservative American Energy Alliance's Institute for Energy Research.

The Obama-era EPA and many academic institutions and think tanks have argued that the rule would cost far less, between \$5 billion and \$8 billion in 2030 by the agency's previous calculations. Plus, they have said, the social benefits of reducing carbon levels, slowing climate change and ratcheting down illness-causing air pollution would far offset the costs, achieving \$26 billion to \$45 billion in net benefits by 2030.

Advocates say costs are already proving to be even lower than expected as power companies move away from coal on their own.

The Institute for Policy Integrity at New York University School of Law this week released a [paper](#) compiling multiple studies that have found that Clean Power Plan compliance costs have fallen dramatically since the rule came out in 2015. That included an analysis from the American Petroleum Institute that estimated lower costs than EPA's original expectations.

"The takeaway from this should be, if we're going to do anything with the Clean Power Plan right now, given these trends we should be strengthening the goals," said Jack Lienke, an author of that paper and regulatory policy director for the institute. "Emissions can be reduced much more cheaply. That's a reason to set more aggressive targets, not to weaken targets or repeal them altogether."

To view online [click here](#).

[Back](#)

White House seeks nearly \$30B in disaster aid package [Back](#)

By Sarah Ferris | 10/04/2017 06:13 PM EDT

The White House this afternoon formally requested nearly \$30 billion in emergency funding for its ongoing recovery efforts in hurricane-battered regions like Puerto Rico, Florida and Texas.

In a letter to congressional leaders, the Trump administration asked for \$12.8 billion for FEMA's disaster relief fund, \$16 billion for the National Flood Insurance Program and \$576.5 million for the forest service's firefighting fund.

"We need the help of Congress to stabilize the affected communities and replenish dwindling and depleted funds," Office of Management and Budget chief Mick Mulvaney wrote. He said the money should be classified as "emergency spending," meaning it would not require spending offsets.

House and Senate appropriators immediately released statements in support of the White House's request and pledged to act quickly. House Appropriations Chairman [Rodney Frelinghuysen](#) (R-N.J.) said he would "put legislation forward as soon as possible."

Rep. [Nita Lowey](#), his Democratic counterpart on the panel, said she supported Trump's request for FEMA, but added it needed to go further.

"Congress should add to this request by appropriating funding for flexible Community Development Block Grants; rebuilding coastlines, roads, transit systems, airports, ports, and other infrastructure; small business loans; and repairs to military installations and other federal facilities damaged in the storms," said Lowey, of New York.

The White House's request had previously been [reported](#) by POLITICO.

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[Back](#)

RSC chief stakes opposition to hurricane relief without offsets [Back](#)

By Sarah Ferris | 10/04/2017 10:50 PM EDT

The Republican Study Committee's chairman is threatening to oppose the next round of hurricane relief funding if Congress doesn't cut spending to cover the costs.

"We're going to come out strong for those to be offset," Rep. [Mark Walker](#) (R-N.C.) told POLITICO late Wednesday. "Just because Republicans are in charge doesn't mean deficits and debts no longer matter."

Walker said he has for weeks told fellow lawmakers, including those in leadership, to demand offsets. Now he is going public with his position as Congress considers the White House's new \$29 billion [disaster aid request](#).

Lawmakers are expected to vote mid-month on the fresh aid plan, which includes \$13 billion in Federal Emergency Management Agency funding that would not count toward Congress' annual spending limits.

GOP leaders have signaled there are likely to be more requests to come, and the price tag for hurricane recovery could total hundreds of billions of dollars.

So far, Congress has allocated \$15 billion in emergency funding since the three devastating storms began ravaging the U.S. and its territories with Hurricane Harvey's initial blow in late August.

Walker's demands are likely to incite a years-old fiscal fight within the GOP over whether emergency spending should add to the nation's deficit.

Prominent conservatives, including Vice President Mike Pence and House Speaker Paul Ryan (R-Wis.), have for years argued that disaster relief should be offset.

"Congress must ensure that a catastrophe of nature does not become a catastrophe of debt," then-congressman Pence said in a 2005 floor speech that has resurfaced in recent weeks.

In 2011, a similar demand by House conservatives brought the government to the brink of shutdown.

Walker proposes Congress consider reshuffling money from accounts like the Energy Department's loan program for manufacturing fuel-efficient cars.

This year, a majority of House Republicans already agreed to bend the pay-as-you-go requirement for the \$15 billion hurricane relief package (H.R. 601 (115)) enacted last month. Ninety Republicans, including Walker, opposed the legislation, which also funded the government through Dec. 8 and temporarily suspended the debt ceiling.

On future packages, Walker said he believes "the bulk" of the House's Republicans will join in opposition if there are no offsets.

The first emergency package was different, he argues, because it was an immediate response when "there were people's lives in the balance" and it "wasn't an overwhelming amount."

Walker stressed that he isn't planning to hold a disaster package "hostage" but wants to remind fellow Republicans that they, too, have campaigned against runaway spending.

"We just want to say, 'Hey, we're waving a flag out here,'" Walker said. "If we don't have the money, then is it not due diligence to go find out where money is being spent frivolously?"

To view online [click here](#).

[Back](#)

Sources: Trump expected to tap Wheeler as EPA deputy [Back](#)

By Andrew Restuccia, Alex Guillén and Anthony Adragna | 03/16/2017 08:00 PM EDT

President Donald Trump is expected to tap Andrew Wheeler, a coal lobbyist and former aide to Sen. Jim Inhofe, to be deputy administrator of the Environmental Protection Agency, sources familiar with the hiring process told POLITICO.

Sources cautioned that the decision has not yet been finalized, but they said Wheeler is expected to get the job. It's unclear when Trump will make the announcement, but one source said it could be weeks before Wheeler is officially tapped.

Wheeler worked as an EPA staffer earlier in his career. He later joined Inhofe's Senate office and then spent more than a decade as a Republican staffer on the Senate Environment and Public Works Committee, where he worked on several major pieces of legislation, including the 2005 and 2007 energy bills.

He has worked at the law firm Faegre Baker Daniels since 2009. He now co-leads the firm's energy and natural resources practice.

Wheeler is a registered lobbyist for Murray Energy, the nation's largest privately owned coal company, which regularly filed lawsuits against the Obama administration over its environmental regulations.

As a lobbyist, Wheeler may need to obtain a waiver to serve at the EPA.

Trump signed an executive order in January that bars registered lobbyists from participating in "any particular matter" on which they lobbied in the past two years. Those lobbying restrictions last for two years from the time the person joins the administration.

But the executive order says the administration can grant "any person a waiver of any restrictions" in its ethics and lobbyist requirements. Unlike an order signed by former President Barack Obama in 2009, Trump's executive order doesn't require public disclosure of the waivers.

Aside from Murray, Wheeler also lobbies on unspecified energy and energy efficiency issues for Underwriters Laboratories, an Illinois-based lab company, and on agricultural issues for cheese maker Sargento. His former clients include Xcel Energy and Bear Head LNG, as well as a cooking oil-recycling company, an auto auctioner and a medical isotope coalition.

Wheeler won't be the only energy lobbyist to join the Trump administration. Mike Catanzaro, a lobbyist at the firm CGCN Group whose clients included several fossil fuel companies, took a job at the White House last month as an energy and environmental adviser at the National Economic Council. Catanzaro is a former EPW staffer to Inhofe.

Meanwhile, EPA Administrator Scott Pruitt, a fellow Oklahoman, has also brought former Inhofe aide Ryan Jackson on as chief of staff. Byron Brown, a former Inhofe aide, is EPA's deputy chief of staff and Mandy Gunasekara, a former EPW counsel, is now a senior policy adviser to Pruitt.

More aides with ties to Inhofe are expected to join the EPA in the coming weeks. Susan Bodine

and Brittany Bolen, two EPA staffers, are widely expected to be offered jobs at EPA.

Wheeler, a White House spokeswoman and an EPA spokesman did not immediately respond to a request for comment.

To view online [click here](#).

[Back](#)

White House announces Wheeler pick for EPA deputy [Back](#)

By Alex Guillén | 10/05/2017 03:52 PM EDT

The White House today nominated Andrew Wheeler to be deputy EPA administrator.

POLITICO [reported](#) in March that Wheeler was the leading contender for the job, which will help run day-to-day operations at EPA while the agency works to undo many Obama-era regulations.

Wheeler previously worked for Sen. [Jim Inhofe](#) and the Senate Environment and Public Works Committee. Since 2009, he has been an attorney at the law firm Faegre Baker Daniels, where he was a registered lobbyist for coal producer Murray Energy. Wheeler de-registered himself as a Murray lobbyist in an Aug. 11 [filing](#).

Wheeler will be at least the seventh political staffer with ties to Inhofe to land at EPA. Others include chief of staff Ryan Jackson, deputy chief of staff Byron Brown, adviser Mandy Gunasekara and Susan Bodine, the enforcement nominee who started working as an enforcement adviser to Administrator Scott Pruitt last month ahead of her Senate confirmation.

WHAT'S NEXT: The Senate Environment and Public Works Committee will likely schedule a confirmation hearing for Wheeler in the coming weeks.

To view online [click here](#).

[Back](#)

Sources: FERC enforcement critic in line to become enforcement chief [Back](#)

By Darius Dixon and Esther Whieldon | 10/05/2017 04:29 PM EDT

Skadden attorney John Shepherd Jr. is expected to be named FERC's next head of enforcement, according to two sources with knowledge of the plans.

Shepherd co-authored a [paper](#) for the Energy Law Journal in 2010 calling for new due process

rules within the FERC enforcement office, which polices energy markets for manipulation, and has made headlines for levying multi-million dollar fines against firms like JPMorgan Chase and Barclays. Shepherd co-authored the paper with William Scherman, a former FERC general counsel who has been critical of the agency's enforcement work.

According to his [biography](#) on the Skadden, Arps, Slate, Meagher & Flom website, Shepherd's practice focuses on market design, market power and market manipulation issues in the energy and natural gas markets. His biography also highlights his success securing the "dismissal of a non-public investigation against a Midwest natural gas company for alleged capacity 'flipping' violations."

The sources said the timing of the appointment was not certain.

Reached by phone today, Shepherd said he had not been contacted about the position.

Last month, fellow Skadden attorney James Danly became FERC's general counsel.

To view online [click here](#).

[Back](#)

Tim Murphy resigns from Congress [Back](#)

By Rachael Bade and Jake Sherman | 10/05/2017 04:06 PM EDT

Rep. Tim Murphy (R-Pa.), the embattled anti-abortion lawmaker who allegedly encouraged his lover to terminate a pregnancy, on Thursday announced his plan to resign from office later this month — just a day after announcing his plan to retire following the 2018 election.

The Pennsylvania Republican's about-face came after House GOP leaders and senior Republicans upped the pressure on Murphy to step down. Republican sources familiar with Murphy's thinking said the married father of one child initially believed he could weather a [story](#) in the Pittsburgh Post Gazette, revealing he had sent a series of text messages to his girlfriend — a psychologist half his age — encouraging her to have an abortion. Murphy has been a strongly anti-abortion lawmaker during his 15 years in Congress.

"This afternoon, I received a letter of resignation from Congressman Tim Murphy, effective October 21," Speaker Paul Ryan said in a statement. "It was Dr. Murphy's decision to move on to the next chapter of his life, and I support it."

But many senior Republicans did not believe Murphy could — or should — survive until the end of his term. Several top Republicans said Ryan, who met with Murphy Wednesday evening to discuss his future, also wanted him to step down.

GOP insiders also were worried that additional damaging stories could surface involving

Murphy and his office. The Post-Gazette revealed that his staff was in turmoil for years, with the congressman yelling at aides and throwing folders.

"As I said last night, the circumstances surrounding this situation are extremely disappointing to me," National Republican Congressional Committee Chairman Steve Stivers said in a statement.

But Stivers predicted that Republicans would easily hold Murphy's district, despite the scandal that destroyed the GOP lawmaker's career.

"The NRCC is undefeated in special elections this year and I'm supremely confident that will continue," the Ohio lawmaker said. "In the meantime, we look forward to seeing how national Democrats can spin yet another special election loss into a so-called moral victory."

The sudden furor surrounding Murphy brought a wave of detractors eager to tell of their mistreatment at his hands during his time in Congress.

Five former Murphy employees contacted POLITICO to share stories of inappropriate behavior by both Murphy and his chief of staff Susan Mosychuk. Those included tales of staff being berated as "worthless" and "stupid." Others told of being forced by Mosychuk to take the stairs instead of the elevators as punishments for underperforming.

Republicans believed the matter could become an ethics issue that would trigger an investigation and distract from GOP messaging. With Murphy set to resign in two weeks, any ethics probe would end as soon as he left office.

Throughout Wednesday, Murphy held a series of private meetings with other GOP lawmakers as he sought to save his career. Pennsylvania GOP Reps. Charlie Dent and Bill Shuster huddled with Murphy in his office on Wednesday afternoon, but would not discuss what was said following the private session.

By Thursday morning, Murphy began to understand those complications and had drafted a resignation letter.

Murphy's departure from Congress is expected to set off a scramble to replace him in what is a safe GOP seat. Democrats signaled that they have very low expectations of making a competitive run there.

"Pennsylvania's 18th Congressional District is a reliable Republican stronghold, but the grassroots energy behind Democrats has proven powerful this year, and we will be closely tracking this district and special election," said Meredith Kelly, communications director for the Democratic Congressional Campaign Committee.

In Pennsylvania special elections, the state central committees for both parties select primary nominees, rather than through a primary vote.

Pennsylvania Gov. Tom Wolf, a Democrat, will set the special general election date, which some

political operatives believe will occur on the same day as the regular primary date next May.

"I'd assume the governor would put it on primary election day of next year," said Mark Harris, a Republican consultant in the state. "If that's the case, there would be two ballots — a special election ballot and a primary ballot. In theory, a candidate could win the special election and another candidate could win the primary."

Two Republican candidates announced their bids on Thursday — state Sen. Guy Reschenthaler, a former judge and Iraq War veteran, and state Sen. Kim Ward. Local operatives also named state Rep. Rick Saccone, who's currently running for the U.S. Senate, as another potential candidate.

Three Democrats were already vying to take on Murphy before he resigned, including Pam Iovino, a veteran who picked up an endorsement from VoteVets on Wednesday. But Democratic operatives said they expect more candidates to jump in, naming Matt Smith, president of the Greater Pittsburgh Chamber of Commerce, state Rep. Dan Miller and Westmoreland County Commissioner Ted Kopas.

John Bresnahan and Elena Schneider contributed to this report.

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[Back](#)

Bill to expand E15 ethanol dead for the year [Back](#)

By Eric Wolff | 10/05/2017 03:36 PM EDT

A bill to allow year-round sales of higher blends of ethanol won't get a vote in the Senate Environment and Public Works Committee this year after it attracted amendments that targeted major environmental laws, Republican senators told POLITICO.

Both EPW Chairman [John Barrasso](#) (R-Wyo.) and Sen. [Deb Fischer](#) (R-Neb.), author of [S. 517 \(115\)](#), said it lacked the votes to get out of committee despite having five members as co-sponsors. A majority of the remaining Republicans opposed the measure, and Fischer failed to win the backing of at least six Democrats to get it through the committee. Fischer had previously decided against bringing the bill to markup in July.

Republicans like Sen. [Jim Inhofe](#) (R-Okla.), who opposed the bill, saw it as a chance to weaken the Clean Air Act, and industry sources said Democrats had a string of their own plans to try to address concerns about higher food prices and increased air pollution. The combined weight of the amendments under discussion ultimately sunk the bill.

"The original sponsor said the votes aren't there; I don't expect to see it this year," Barrasso said. Fischer agreed that the bill would not come up for a vote this year.

Ethanol producers have long argued that allowing year-round sale of gasoline with 15 percent ethanol would help increase the number of credits that refiners must use to comply with the Renewable Fuel Standard — and ultimately drive down prices. But the oil industry sees the RFS as "broken," and major producers have no interest in small tweaks, especially one that would cut into the sale of their product.

Fischer won committee time in May for her bill, which would waive a Clean Air Act provision that prevents summer sales of E15 in some states after a last-minute scramble for votes on a resolution to kill an Obama-era rule limiting methane leaks by gas producers. Barrasso agreed to give her bill a hearing and a markup vote in exchange for votes from Fischer, Sen. Chuck Grassley (R-Iowa) and other corn-state Republicans. The methane resolution ultimately failed.

Ethanol producers had hoped to sway Democrats by touting the fuel's lower greenhouse gas profile than gasoline, and the hope that allowing E15 to be sold all year would create higher demand for advanced biofuels with even lower emissions, a top concern for longtime RFS supporter Sen. Ed Markey (D-Mass.).

The committee also has five senators among its members thought to be considering running for the Democratic nomination for president in 2020: Sens. Bernie Sanders (I-Vt.), Cory Booker (N.J.), Kirsten Gillibrand (N.Y.), Kamala Harris (Calif.) and Jeff Merkley (Ore.). Ethanol remains a key issue in Iowa, and a "yes" vote could have been a boost to a primary bid.

But industry sources say that Democrats, along with the Sierra Club, which opposed the bill, had concerns about the potential for higher food prices and air pollution. A biofuels and a refining industry source said Democrats wanted an amendment to cap ethanol volumes if food prices ran too high, and some Democrats worried that the air waiver, which has to do with fuel evaporation provisions, would create air pollution problems.

Though Fischer had sought a rifle shot that would address only the Clean Air Act waiver, the legislation ultimately "ricochets all over the place," said a refining industry source who opposed the bill.

"I think what happened [was] it looked like we were really going to do this. So we loaded the box up with every Clean Air Act amendment we could think of," he said.

Inhofe had his sights on the Clean Air Act, and he had planned a host of amendments, including killing the Clean Power Plan and the Waters of the United States rule, and sunseting the conventional biofuel requirement that is typically filled by ethanol. The amendments would be hard for Republicans to oppose but would have been virtually impossible for Democrats to support, if any got attached to the bill.

"We think it is very unfortunate that this bill has been caught up by unrelated issues," John Fuher, senior director for government affairs for Growth Energy, an ethanol group, said in a statement. "We continue to believe that this legislation is necessary, as it would lift an outdated, unnecessary restriction on retailers who want to offer their customers the choice of a cleaner,

more affordable fuel option year-round."

Oil groups who opposed the legislation were more upbeat.

"We are pleased that E15 waiver is not moving," said Frank Macchiarola, downstream director for the American Petroleum Institute. "We think it reflects a broad bipartisan consensus that, first, E15 is not ready for the market place, and second, the RFS needs to be addressed holistically with significant reforms based on free market fundamentals that protect the American consumer."

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[Back](#)

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