

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Thur 10/26/2017 9:43:05 AM
Subject: Morning Energy, presented by Chevron: GOP power plays snarling energy nominations — Probes sought in Whitefish energy contract — Agencies unveil deregulatory to-do lists

By Anthony Adragna | 10/26/2017 05:40 AM EDT

With help from Alex Guillén and Eric Wolff

WHAT A CONFIRMATION MESS! Sen. [Jim Inhofe](#)'s hold on Democratic FERC nominee Richard Glick may end up indefinitely delaying the confirmations of a whole bundle of Energy, Interior and FERC nominees his party supports. The Oklahoman desperately wants to get his buddy Scott Pruitt some help at EPA and wants the agency nominees confirmed before he'll release his hold, but Democrats appear exceedingly unlikely to ease the path to passage for any of President Donald Trump's EPA picks. The problem is Glick's pick is a component of a negotiated package of nominees between Senate Energy Chairman [Lisa Murkowski](#) and ranking member [Maria Cantwell](#), so without him the entire package is stuck. "As much as I want to move all of the nominees that have gone through the process, other committees are not mine to resolve," Murkowski told reporters. "That's something Senator Inhofe is going to have to work through."

Barrasso blames Democrats: Four EPA picks cleared the Senate Environment and Public Works Committee on Wednesday and Chairman [John Barrasso](#) wasted no time in blasting Democrats for preventing their swift confirmation. "It's time to clear the deck and let these people who've been nominated, vetted, gone through the committees, been approved — time to get them to work," he said, describing the delays as "outrageous." Of course, ME gently reminds readers that Republicans routinely placed holds on non-controversial Obama nominees, and it was GOP concerns over biofuels policy that delayed consideration of the EPA picks last week. Now, a fellow Republican's hold is delaying consideration of another bloc of nominees.

No fast lane for Wehrum, Dourson: It's true Democrats have slow-walked many of Trump's picks thanks to arcane Senate procedural tactics and they signaled they'd do so again for the controversial selections of Michael Dourson to run EPA's chemical office and William Wehrum to run the agency's air division. "We're going to move it as slowly as we can at this point," Sen. [Tom Udall](#), author of the landmark overhaul of the nation's chemicals law, told reporters about Dourson. "We'll use all the time. It's a devastating departure from the bipartisanship that we had in passing TSCA reform." This is important because with the Senate's calendar already jam-packed, leadership is frequently less inclined to tackle nominees that require the chamber to burn days via procedural hurdles.

NORTHEY NOMINATION IN LIMBO: Republican Sens. [Ted Cruz](#) and [Mike Lee](#) on Wednesday put a hold on the nomination of Bill Northey to a senior USDA post. Northey had been expected to breeze through the chamber. According to a spokesman for Lee, the senator had lifted his hold by Wednesday afternoon, but a Republican Senate aide said Cruz's hold was still on as of late afternoon.

Payback at work? Northey's name had moved out of the Senate Agriculture Committee by voice vote, but multiple sources in the refining industry told ME that the holdup was a "reaction" to the way Iowa Republican Sens. [Joni Ernst](#) and [Chuck Grassley](#) intensely pressured EPA into protecting Renewable Fuel Standard volume requirements. "It's about time someone stood up to the kind of extortion we have seen coming from some of the Midwestern senators when the RFS is at issue," said one refining industry source.

Rubbing salt on wound: Blocking Northey has some extra sting. Grassley's grandson, Iowa State Rep. Pat Grassley, is a candidate to replace Northey as Iowa agriculture secretary if he is confirmed to the subcabinet position, the Des Moines Register [reported](#). "It is indeed shocking that this type of corn-cob-rolling would be taking place in such an august body as the U.S. Senate," another refining source said.

WELCOME TO THURSDAY! I'm your host Anthony Adragna, and the Union of Concerned Scientists' Katherine Catalano was first to identify Vermont and Mississippi as the two states that have never sent a woman to Congress. For today: How many (and which) states have two House seats? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#) and [@POLITICOPro](#).

FLAGGING! Trump is meeting with Pruitt today at 3 p.m. in the Oval Office.

GOVERNOR REQUESTS PROBE OF WHITEFISH CONTRACT: Puerto Rico Gov. Ricardo Rosselló asked the DHS inspector general Wednesday to look into why the tiny company of Whitefish Energy from Interior Secretary Ryan Zinke's hometown won a \$300 million contract to rebuild the island's electric grid. "I request that your office complete its review of the Whitefish Contract so that a final determination can be made as to the Whitefish Contract and address any other issues regarding the same by Monday, October 30, 2017," he said in a [letter](#).

New electricity sheriff on the island: The requested probe comes as the federal oversight board for Puerto Rico named Noel Zamot, a retired Air Force officer, to a position overseeing the recovery of the beleaguered Puerto Rico Electric Power Authority from two major hurricanes, Pro Financial Services' Colin Wilhelm [reports](#).

Well, this is just stupid: Whitefish Energy and San Juan Mayor Carmen Yulín Cruz spent the afternoon fighting on Twitter after the mayor suggested the company's contract should be "voided" immediately earlier Wednesday. "We've got 44 linemen rebuilding power lines in your city & 40 more men just arrived. Do you want us to send them back or keep working?" Whitefish [asked](#) on Twitter. Cruz [shot back](#) the comment "implies that you will not treat the City of San Juan with the diligence it deserves. Thus admitting political motivations." Hours later, Whitefish [apologized](#) for its comments and said they "did not represent who we are and how important this work is to help Puerto Rico's recovery."

Eyebrows up: Montana Sen. [Steve Daines](#) said he'd never heard of the two-person, two-year-old company based in his state that won the \$300 million contract. "I literally found out about [Whitefish] in the paper," he told ME. "Anytime a large contract is awarded Congress should be

asking questions. It's appropriate."

**** A message from Chevron:** Advanced technology is helping us find safer ways to deliver energy. We're piloting a program that uses drones to monitor tanks and pipelines. Watch the video: <http://politi.co/2yXRtrd> **

TRUMP ENDORSES RESILIENCY PUSH? He never uttered the words climate change, but Trump seemed to back rebuilding Houston to better withstand flooding during a swing through Texas on Wednesday. "We're going to look at the concept of a more permanent solution, because you do get inundated and it's been going on for decades," he said. "Let's take a look at the costs and then see if it's possible to do, because that would save a lot of money into the future and it would also put a lot of people to work." ME would note that what the president's talking about doing seems like it would have been covered under the Obama administration's flood standard that he rolled back in August.

SHARPENING THOSE (DEREGULATORY) KNIVES: As ordered by Trump in the spring, federal agencies released plans for reducing regulations that slow the deployment of energy resources.

—**The Interior Department** said it wanted to speed up permitting for energy projects and minerals mining by tweaking policies designed to protect wildlife conservation areas, Pro's Ben Lefebvre and Esther Whieldon report. And the Fish and Wildlife Service is re-evaluating whether laws establishing protections for migratory birds should apply to energy projects, while also reviewing an Obama-era rule that gave wind developers 30-year permits to injure or kill protected eagles.

—**EPA** pledged to review how its regulations and other actions affect employment across multiple sectors, the agency said in its own report. Laws like the Clean Air Act and Clean Water Act include language about EPA studying its impacts, and coal company Murray Energy nearly forced EPA to produce such a study for an Obama administration rule earlier this year before the 4th Circuit said the duty is not mandatory. The report does not say how often or expansive the studies will be.

—**The Energy Department** wants to revisit how it develops energy efficiency standards and may issue a request for information specifically on how to amend its procedures for setting up new efficiency standards for consumer products, Pro's Darius Dixon reports. The agency will also look at ways to make the national labs "operate more efficiently" and potentially expand its efforts to lower barriers for "small-scale" natural gas exports to include larger-scale projects.

—**The Commerce Department** vowed to speed up environmental review processes tied to offshore energy projects and create a committee to ultimately "exempt certain actions" from Endangered Species Act regulations designed to protect endangered species, Pro's Ben Lefebvre reports.

PRUITT: I'M NO ENFORCEMENT SOFTIE: Polluters won't get a free pass while he runs EPA, Administrator Pruitt told Bloomberg in an interview. "They don't know me," Pruitt said.

"I've led a grand jury. We are going to do enforcement, to go after bad actors and go after polluters." He added — without offering any timeframe — that he's still making plans for a "red team, blue team" exercise to debate climate science, but said any effort to revisit the endangerment finding would be separate.

Money quote from Pruitt: "I am here because I really feel called to it. My desire each day is to bless the president and the decisions he's making."

Oops: An EPA press release Wednesday referred to Bill Wehrum as the nominee to head the agency's "Office of Air and Regulation." It's, of course, actually the Office of Air and Radiation.

ON TAP TODAY IN CONGRESS — E&C SUBPANEL MULLS THREE BILLS: The House Energy and Commerce Energy Subcommittee gathers at 10 a.m. to mark up three bills: [H.R. 1733 \(115\)](#) aims to boost beneficial reuse of used lubricating oil; [H.R. 2872 \(115\)](#) would allow FERC to grant license exemptions to push hydropower development at existing non-powered dams and [H.R. 2880 \(115\)](#) seeks to promote closed-loop pumped storage hydropower development. Background memo [here](#).

Fun aside: ME saw subcommittee Chairman [Fred Upton](#) (and potential challenger to Michigan Sen. [Debbie Stabenow](#)) on the Senate side on Wednesday where he said he was "trolling for lunch."

LCV URGES 'NO' ON BUDGET: Ahead of today's vote on the Senate-passed budget [H. Con. Res. 71 \(115\)](#), the League of Conservation Voters urged lawmakers to vote it down since it provides a pathway for opening ANWR to drilling. "We have a moral obligation to protect this natural treasure and to transition to a clean energy future," the group [wrote](#) of ANWR.

Other bill passes: The House voted 234 to 187 in favor of the Sunshine for Regulations and Regulatory Decrees and Settlements Act [H.R. 469 \(115\)](#), which would limit the ability of the government to enter into so-called "sue and settle" agreements by requiring settlements to be posted online and opened to additional intervenors.

NASA NOMINEE HEARING SCHEDULED: The Senate Commerce Committee will hold a [confirmation hearing](#) Nov. 1 on Oklahoma Rep. [Jim Bridenstine](#)'s selection to run NASA, it announced Wednesday.

READY TO ROLL! A new group, the Alliance Commission on U.S. Transportation Sector Efficiency, launches today with the goal of developing recommendations to reduce energy use in the U.S. transportation sector by 50 percent by 2050. Members from the public and private sectors participating in the effort include Pittsburgh Mayor William Peduto, Fort Worth Mayor Betsy Price, Audi of America President Scott Keogh, National Grid President Dean Seavers, NRDC President Rhea Suh and EEI President Tom Kuhn. More information [here](#).

MAIL CALL! CAN I BE A WITNESS? The House's second-highest Democrat, Minority Whip [Steny Hoyer](#), asked Senate Banking Chairman [Mike Crapo](#) to allow him to testify at Scott Garrett's confirmation hearing next week to lead the Export-Import Bank. "Scott Garrett is

precisely the wrong pick to lead the Ex-Im Bank," Hoyer wrote. Letter [here](#).

GOVERNORS: WE NEED A WILDFIRE FIX: Four governors — Nevada's Brian Sandoval, Montana's Steve Bullock, California's Jerry Brown and Wyoming's Matt Mead — sent [a letter](#) to congressional leaders urging lawmakers to "reform the federal wildfire suppression funding formula and provide stability for long-term planning and wildfire mitigation practices."

PIPELINE ATTACK TRACKER LAUNCHES: Energy Builders unveiled a [new database](#) to track attacks on energy infrastructure, such as pipelines, that it argues have become a "regular feature" of environmental protests against such projects. Greenpeace USA Executive Director Annie Leonard quickly shot back: "This is more fear-mongering by a corporate bully hoping to see what it can get away with in Trump's America."

NEW MONUMENTS AD UNVEILED: The National Wildlife Federation is launching a six-figure ad buy on cable news networks in the Washington area featuring a delegate of the Navajo Nation Council urging Trump to "protect America's heritage, protect our national monuments." Watch [here](#).

MOVER, SHAKER: Adam Fetcher has recently started as VP of environmental impact and policy at outdoor clothing brand Askov Finlayson. He previously was a speechwriter and communications adviser at Patagonia and is an alum of Obama DHS and Interior and OFA (h/t Playbook).

QUICK HITS

- Big companies' climate change targets are 'unambitious', say analysts. [The Guardian](#).
- Saudi Arabia, Russia Want Oil Output Limits Through 2018. [Wall Street Journal](#).
- Roanoke County to request rehearing on FERC's pipeline certification. [WSLS](#).
- Anti-Fossil Fuel Groups Admit No Air Testing Conducted In Oklahoma Emissions Report. [Western Wire](#).
- For an Endangered Animal, a Fire or Hurricane Can Mean the End. [New York Times](#).

HAPPENING TODAY

10:00 a.m. — "[Examine Cyber Technology and Energy Infrastructure](#)," Senate Energy and Natural Resources Committee, Dirksen 366

10:00 a.m. — Tulsi Gabbard hosts press conference with supporters of her bill, [the Off Fossil Fuels for a Better Future Act](#), House Triangle

10:00 a.m. — "[Improving Oversight of the Regulatory Process: Lessons from State Legislatures](#)," Senate Homeland Security Subcommittee on Regulatory Affairs and Federal

Management, Dirksen 342

10:00 a.m. — Subcommittee vote on three bills, House Energy and Commerce Energy Subcommittee, Rayburn 2123

12:00 p.m. — Natural Gas Roundtable hosts USTDA's Energy Sector Worldwide Team Lead, Carl B. Kress, University Club, 1135 16th Street, NW

THAT'S ALL FOR ME!

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To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/10/gop-power-plays-snarling-energy-nominations-025233>

Stories from POLITICO Pro

Puerto Rico board names officer to oversee power utility recovery [Back](#)

By Colin Wilhelm | 10/25/2017 05:23 PM EDT

Puerto Rico's federal oversight board will appoint a "chief transformation officer" for its beleaguered power authority.

The board announced plans to name Noel Zamot, a retired Air Force officer, to the position to oversee the recovery of the Puerto Rico Electric Power Authority from two major hurricanes. Most of the U.S. commonwealth has been without power since Hurricane Maria hit the territory over a month ago.

The lack of electricity affects medical services, water distribution and other key portions of Puerto Rico's infrastructure.

Recently PREPA awarded a no-bid contract worth hundreds of millions of dollars to a Montana company with two employees and no record of wide-scale electrical repair that has connections to Interior Secretary Ryan Zinke. The utility, which is run by the commonwealth government, announced the contract a day after Puerto Rico Gov. Ricardo Rosselló met with President Donald Trump and other officials in Washington.

The company, Whitefish Energy, feuded with San Juan Mayor Carmen Yulin Cruz on Twitter Wednesday afternoon, asking her if they should send their workers home after she questioned their receiving the contract.

Zamot previously served as revitalization coordinator, a position appointed by Puerto Rico's governor to work with the federal oversight board on the commonwealth's economic recovery.

The board named Zamot under its authority as the utility's trustee under the debt restructuring law passed by Congress last year. The executive director of the board argued that the role is similar to an appointment made in municipal bankruptcy.

"As the representative of PREPA under Title III of PROMESA, the Board believes the successful exit of PREPA from Title III requires adapting the pre-hurricane transformation plans with ongoing federal reconstruction efforts," said Executive Director Natalie Jaresko.

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Trump to roll back climate-focused flood standard [Back](#)

By Annie Snider | 08/15/2017 12:41 PM EDT

President Donald Trump will roll back a flood standard designed to protect federal investments from stronger storms as part of an executive order set to be signed this afternoon, according to a White House source.

The Federal Flood Risk Management Standard was established under an [executive order](#) issued by President Barack Obama in 2015. It requires that new federally funded projects — from government buildings like Veterans Administrations hospitals to bridges and schools funded by federal grants — be built to withstand the stronger storms and additional flooding projected to occur as the climate changes. It does not apply to the National Flood Insurance Program.

The Obama administration's standard offers multiple options for achieving greater flood protection, but generally requires construction to withstand a 500-year storm. The previous standard, on the books for more than four decades, required construction to take place outside of the 100-year floodplain. The new standard has not actually taken effect yet; each federal agency is tasked with developing its own regulation for implementing the standard, and none have yet been finalized.

Industry groups objected to the standard, arguing it was developed behind closed doors and could greatly increase costs.

Environmental groups have objected to efforts to repeal the standard.

"Ninety percent of all natural disasters in the United States involve flooding. These events claim lives and strain the capacity of government agencies and local communities to adequately respond and provide relief," Laura Lightbody with the Pew Charitable Trusts said in a statement.

WHAT'S NEXT: Trump is slated to sign an executive order on infrastructure containing the roll back of the Federal Flood Risk Management standard at 3 p.m. today.

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Interior outlines plan to speed permitting [Back](#)

By Esther Whieldon and Ben Lefebvre | 10/25/2017 07:39 PM EDT

The Interior Department said on Wednesday it was looking to speed up permitting for energy projects and minerals mining by tweaking policies designed to protect wildlife conservation areas.

Interior's Fish and Wildlife Service is also re-evaluating whether laws establishing protections for migratory birds should apply to energy projects, and it's reviewing the Obama rule that gave wind developers 30-year permits to injure or kill protected eagles.

"The federal government can and must be a better business partner," Vincent DeVito, counselor for energy policy to Secretary Ryan Zinke, said in statement accompanying the [report](#) that was written to comply with President Donald Trump's [executive order](#) calling on agencies to streamline the permit process for energy projects.

Interior said the Bureau of Land Management will examine whether to change procedures to speed up permitting, including how it grants rights of way through national monuments and other national conservation areas and for mineral leases near wild scenic rivers.

And within three months, FWS hopes to finalize new guidance on what FERC-licensed interstate pipelines should do to mitigate the damage they inflict on migratory birds and their habitat.

Interior has already taken steps on many of the rules listed in the report, including repealing a disputed Obama rule on hydraulic fracturing.

The department also made clear it was mulling loosening multiple rules governing drilling in Alaska.

The department could change or rescind numerous rules for offshore oil and gas drilling, such as eliminating the requirement that drilling companies have cap and flow systems and containment domes to stop oil spills within seven days' reach of well sites.

Another change would make it easier for BOEM to process permits for companies to conduct seismic testing offshore.

Another issue the report highlighted was a potential regulatory change to reduce the number of

protests that challenge BLM lease sales. Those protests have risen sharply, the report said, and are typically focused on opposition to fracking or fighting climate change rather than parcel-specific protests.

"A regulatory change may be necessary to limit redundant protests that hinder orderly development," the report said.

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DOE to scrutinize efficiency rulemaking, LNG exports [Back](#)

By Darius Dixon | 10/25/2017 04:22 PM EDT

The Energy Department plans to revisit how it handles the development of energy efficiency standards, the agency's central regulatory power, according to a memo the agency released this afternoon.

In a [six-page document](#) responding to a White House [executive order](#) aimed at reducing rules that "unnecessarily encumber" energy development, Energy Secretary Rick Perry says the agency is focusing on four areas where it wants to shed burdensome regulations, particularly on energy efficiency.

The document says DOE is considering whether to issue a request for information specifically on how to amend its procedures for setting up new efficiency standards for consumer products. Commenters, the agency said, pressed DOE to extend the agency's so-called lookback provision, which mandates that each efficiency rule be revisited every six years for a potentially tighter standard. Although changing that timeframe would need congressional intervention, the memo states that DOE may conduct the necessary review but avoid establishing a more restrictive rule in order to give affected industries more time to comply.

Before it can sign off on a more aggressive standard, DOE rulemakers have to declare that a regulation is both "economically justified" and "technologically feasible." But DOE says economically justified "is subject to interpretation" and may seek to redefine the term.

Perry says DOE will look for ways to make the national labs "operate more efficiently" and it plans to build on its rulemaking effort to lower barriers for "small-scale" natural gas exports to non-Free Trade Agreement countries to potentially include "larger-scale exports."

WHAT'S NEXT: The document was sent to the White House but it didn't include a timeline for the review processes.

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Commerce presses to cut environmental review times for energy projects [Back](#)

By Ben Lefebvre | 10/25/2017 04:10 PM EDT

The Commerce Department today issued [recommendations](#) it said would speed up environmental review processes tied to offshore energy projects.

The proposals in the Commerce report sent to the White House are designed to help meet President Donald Trump's [April](#) executive order calling on agencies to streamline the permit process for energy projects. The Commerce recommendations focus on the National Marine Fisheries Service.

Among the recommendations is to create an Endangered Species Committee to ultimately "exempt certain actions" from Endangered Species Act regulations designed to protect endangered species.

"Commerce recognizes that the statutory provisions might constrain flexibility on this endeavor but nevertheless commits to reviewing the issue," the department said in the report.

The department also recommended NMFS decrease the steps needed to complete an individual environmental review and combine more projects into "batch" consultations to save time, the report says. The department said it will designate someone to monitor how long reviews were taking.

Commerce said it would consult its agency economists and OMB to "improve standards to adequately assess the potential costs and benefits to business communities, infrastructure and the environment" before new marine sanctuaries were designated.

An agency spokesman said the Obama Commerce Department already conducted such cost-benefit analyses, but the new recommendation "reflects that the Department felt the last administration did not take industry into account,"

WHAT'S NEXT: The White House will review the report.

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