

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** POLITICO Pro Energy  
**Sent:** Thur 11/30/2017 10:44:13 AM  
**Subject:** Morning Energy: Senate close to resolving ANWR issues — EPA set to keep biofuel volumes steady — Troubled Arizona plant to stay open through 2019

By Anthony Adragna | 11/30/2017 05:42 AM EDT

*With help from Darius Dixon, Eric Wolff and Ben Lefebvre*

**ANWR ISSUES COMPLICATE TAX FIGHT:** Complications from language in the Senate's tax package related to ANWR drilling that ran afoul of budget reconciliation rules appeared on the verge of being resolved by late Wednesday. "We are finishing up the last of that and expect to have a curative amendment if you will as part of the process going forward," Senate Energy Chairman [Lisa Murkowski](#) (and major ANWR backer) told [Roll Call](#). The changes came after an anticipated [ruling](#) from chamber's parliamentarian that language easing environmental rules for ANWR drilling would need 60 votes to be kept in. Though final text of the legislation was not yet available, multiple aides said the concerns would be easily resolved.

**Murkowski backed a procedural motion** on the bill (along with the rest of the Republican caucus) on Wednesday evening and seemed upbeat about getting one of her top legislative priorities included in the mammoth package. She touted the ANWR section in a [statement](#) announcing her support, though she noted: "We still have work to do on this legislation and I look forward to the debate on the Senate floor and my colleagues' ideas to further improve it."

**Democrats rally against:** Six Senate Democrats, including Minority Leader [Chuck Schumer](#) and top Energy Committee Democrat [Maria Cantwell](#), are holding a press conference today at 12:30 p.m. in the Senate Swamp to rally against opening ANWR drilling as part of the tax package. That comes as a groups of [religious leaders](#) and [scholars](#) sent a letter to members of Congress also opposing the drilling push.

**Another issue to watch:** Money for wind and solar power projects could dry up if Congress doesn't alter language in the tax bill aimed at preventing banks from moving their profits abroad, Pro's Eric Wolff [reports](#). That's because renewable energy companies typically sell the federal tax incentives attached to their green energy projects to banks, but provisions in the Senate tax bill would make it difficult for banks with overseas subsidiaries to buy the credits. "To me it feels like a drive-by shooting," said Mike Garland, CEO of wind developer Pattern Energy. "Clearly the provision is aimed at corporations who are sending work overseas, but the result is that the investment in U.S. activities is penalized."

**IT'S THE END OF THE MONTH AS WE KNOW IT!** I'm your host Anthony Adragna, and LCV's Gene Karpinski was the first to identify Sen. [Richard Shelby](#) as a member of the boll weevils. For today: Which former Interior secretary's niece is currently running for governor next year as a member of the opposite political party? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#), and [@POLITICOPro](#).

**STICKING TO THE SCRIPT:** EPA plans today to set final 2018 biofuel volume requirements conforming closely to what Administrator Scott Pruitt promised Midwestern senators earlier this year, Pro's Eric Wolff [reports](#). The final rule will require blending of 15 billion gallons of conventional biofuels — typically corn ethanol — as well as 288 million gallons of cellulosic ethanol. Advanced biofuel volumes will rise slightly from the July proposal to 4.29 billion gallons overall, and the regulation will require 2.1 billion gallons of biomass-based biodiesel for 2019. Bloomberg first [reported](#) the volumes. But look for lawsuits to follow regardless.

**Iowa Sen. [Chuck Grassley](#) called the decision "disappointing" in a statement.** "I'm glad that EPA backed off a later proposal, which would have represented an abandonment of President Trump's stated commitment to biofuels and the integrity of the RFS," he said. "I plan to continue working to impress upon the Administration the capability to grow domestic energy production by unlocking the full potential of biofuels."

**MARKING ON UP:** House Natural Resources [gavels in](#) today at 10 a.m. to mark up seven bills on various topics, but two jump out to ME. One measure [H.R. 1778 \(115\)](#), offered by [Liz Cheney](#), would require specific congressional authorization for Interior to impose any moratorium on federal coal leasing. (Remember, the Trump administration [overturned](#) an Obama-era ban earlier this year.) The other, [H.R. 3117 \(115\)](#) from [Evan Jenkins](#), would bar EPA, DOE or Interior from using the social cost of carbon (or similar metrics) that are used to estimate monetary damage the country faces from climate change events linked to greenhouse gas emissions.

**Interior motives:** Deputy Interior Secretary David Bernhardt returns today to Capitol Hill for the second time in two days at 9:30 a.m. before a House Appropriations subpanel for oversight. What'll be on the mind of [Betty McCollum](#), top Democrat on the subcommittee, according to a spokesman? "Congresswoman McCollum will ask whether the supplemental includes sufficient funds for recovery from the recent natural disasters, including whether the department anticipates another supplemental request to address additional needs. She'll also ask about the backlog from damage caused by previous storms that has not yet been repaired, and about what the department can do to rebuild stronger and mitigate the effects of future disasters." More [here](#).

**No rush from Bishop for more nominees:** Natural Resources Chairman [Rob Bishop](#) said Wednesday he's not in any particular hurry for President Donald Trump to name additional people to permanently fill Interior slots. "I have to admit some of the acting directors right now are Utahns that I know, and I'm very comfortable with them," he said, highlighting acting BLM chief Brian Steed and acting Fish and Wildlife Director Greg Sheehan.

**STAYING OPEN:** The Navajo Generating Station will remain open through December 2019 after receiving the necessary federal approvals, Salt River Project [announced](#) Wednesday. "We are grateful for their effort as this agreement provides meaningful benefits for all involved and creates a path forward during this challenging transition," Mike Hummel, deputy general manager of Salt River Project, the plant's operator, said. A Navajo Nation task force and Salt River Project negotiated the new lease over a period of several months, as well as related agreements.

**TRIPPIN':** Energy Secretary Rick Perry leaves today for a trip to Saudi Arabia, Qatar and United Arab Emirates, Axios [reports](#), citing a department official. He's [expected to speak](#) next Wednesday at the Carbon Sequestration Leadership Forum in Abu Dhabi.

**MORE HEARINGS?** West Virginia GOP Senate candidate Patrick Morrisey appeared to endorse additional public hearings on the EPA's proposed repeal of the Clean Power Plan in a [tweet](#) late Wednesday. "Just as WV was harmed by not holding a public EPA hearing in our state during the Obama Administration, it would be wrong to exclude other parts of the United States from this EPA hearing process now," the state's attorney general wrote. "Certainly wouldn't oppose other hearings. As someone who believes Obama Power Plan is wrong & illegal, I think it's important to hear from multiple places." The agency completed its lone scheduled public hearing on Wednesday.

**Meanwhile, former coal executive Don Blankenship**, who is [reportedly](#) planning a run for Senate, promised some news today: "We will be putting out a new ad tomorrow morning on TV, Facebook, and more. It will be a shocker. Government corruption is pandemic and obvious," he [wrote on Twitter](#). Blankenship, who was convicted of conspiracy to violate mine safety standards after the 2010 Upper Big Branch disaster that killed 29 of his workers, would face Morrisey and Rep. [Evan Jenkins](#) in a GOP primary to challenge Sen. [Joe Manchin](#).

**TEXAS HOLD 'EM:** The relationship between the U.S., Venezuela and CITGO may about to get tenser. Venezuela has detained six CITGO executives from Texas, Senators [John Cornyn](#) and [Ted Cruz](#) said in a press release. The news comes after Venezuelan President Nicolas Maduro [placed a loyalist general in charge](#) of the state-controlled oil company Petroleos de Venezuela S.A., which controls the U.S.-based refining company. The Treasury Department has already been slapping sanctions right and left on Venezuela government officials, including PdVSA execs, for several months as the country's human rights violations pile up. There's no indication yet what response the Trump administration may have to the detention of the Texans — a White House spokeswoman referred questions to the State Department, which did not immediately offer comment.

**TRUMP ENERGY INFLUENCERS GATHER:** Bigwigs with sway in the Trump administration's energy policy realm gather for a Heritage Foundation and Texas Public Policy Foundation [conference](#) today beginning at 8 a.m. There's a "very special" guest speaking at 8:45 a.m. (ME would put money on Pruitt, Perry or Zinke). Other speakers include: former Senate EPW Chairman [Jim Inhofe](#), outgoing House Science Chairman [Lamar Smith](#) and Sen. [Mike Lee](#). ME also hears coal magnate Robert Murray will be in the building. Heritage is also hosting [an event](#) on Perry's grid resiliency proposal at 12 p.m. if you want to make it a longer day on Mass Ave.

**BROWNFIELDS IN THE HOUSE!** Lawmakers today consider legislation [H.R. 3017 \(115\)](#) that would extend EPA's popular Brownfields program through 2022 at current funding levels and allow the agency to award more funding grants (up to \$500,000) to each site slated to be cleaned up. E&C Environment Chairman [John Shimkus](#) told ME he expected the measure would pass by a wide margin. It received bipartisan support during committee consideration.

**DEJA VU ALL OVER AGAIN:** Republican congressional leaders and the White House have hatched a plan that would dare Democrats to shut down the government by not including a fix for so-called DREAMers in a short-term funding measure that would keep the lights on into January, POLITICO's Rachael Bade, John Bresnahan and Sarah Ferris [reports](#). Democratic leadership sources suggest they could be open to a one- or two-week CR, but would be unlikely to move the deadline beyond Jan. 1.

**DOE REAUTHORIZATION BILL TEXT PUSHED TO 2018:** Embattled Rep. [Joe Barton](#) said his efforts to pull together a DOE reauthorization bill had fallen further behind after a meeting between Energy and Commerce Republicans and Democrats failed to materialize this week. "It's been postponed, I think, 'til maybe next week," he told ME, of the effort first floated in January. "We're getting ready to really get to work." When asked about when he expected to have legislative text pulled together, Barton said he had aimed to have some draft text by the end of the year for lawmakers and their staffs. "I was hoping to use this meeting this week to get agreement on the general framework so that we could begin to have the staffs put that together on a bipartisan basis," he said, but the latest delay likely drags that milestone into early next year.

**And ICYMI,** Barton said he plans to remain vice chairman of the powerful House Energy and Commerce "for the time being" but acknowledged a "private conversation" with Chairman [Greg Walden](#) about the matter, Pro's Darius Dixon [reports](#). That comes as another woman came forward to share a series of private messages, some with sexual overtones, traded with Barton in the [Star-Telegram](#).

**FOR YOUR LUNCH PLANS:** FERC Chairman Neil Chatterjee, fresh off gaining a new colleague, addresses the Natural Gas Roundtable today at 12:30 (in perhaps one of his final appearances as chairman). On Wednesday, he [tweeted](#) of his new colleague Rich Glick: "I had the pleasure of working with Rich in the Senate and look forward to working with him in this new capacity," he said.

**LET ME SPEAK:** House Natural Resources ranking member [Raúl Grijalva](#) has asked the attorney of a former staffer to release him from confidentiality rules so he can discuss details of the workplace misconduct claim that's ensnared him this week, POLITICO's Elana Schor [reports](#). Until the former aide's counsel agrees to the release of the agreement, he added, "I can't unilaterally do it without exposing myself to getting sued on a personal level."

**THROW IT OUT:** Greenpeace asked a federal district court in North Dakota to dismiss a lawsuit filed on behalf of Energy Transfer Partners alleging the green group and others committed racketeering and other crimes. "It is incumbent upon every court that faces these baseless claims to ensure a robust arena for political speech and weed out efforts to suppress critical speech masquerading as [racketeering] claims," the group wrote in [its motion](#). "It appears clear that Greenpeace is being targeted by repeated lawsuits for the precise purpose of chilling its speech."

**TAKE A GLANCE!** Resources for the Future released a new [issue brief](#) Wednesday looking at the impacts of the shale revolution on the oil and gas industry. It concludes: "The shale

revolution has dramatically changed the position of the United States as an energy producer, allowing the oil and gas sectors to more easily ramp up production in response to price changes."

## QUICK HITS

- Climate Scientists Watch Their Words, Hoping To Stave Off Funding Cuts. [NPR](#).
- Judge: East Chicago residents, EPA can argue case on role in cleanup process. [Chicago Tribune](#).
- Russia, Saudi Arabia Clash Ahead of OPEC Meeting. [Wall Street Journal](#).
- How to Fix Global Warming: We Talk to Tech Innovators, Entrepreneurs and Political Leaders. [New York Times](#).
- Snyder Proposes Draft Plan to Remove All Lead Service Lines in Michigan. [WDET](#).
- Atlantic Coast Pipeline faces another delay as NC officials push for more details. [News & Observer](#).

## HAPPENING TODAY

8:00 a.m. — "[At the Crossroads IV: Energy & Climate Policy Summit](#)," Heritage Foundation and Texas Public Policy Foundation, Allison Auditorium, 214 Massachusetts Ave NE

9:30 a.m. — "[Supplemental Oversight - Department of the Interior](#)," House Appropriations Interior, EPA and Related Agencies Subcommittee, Rayburn 2007

12:00 p.m. — "[Clean Energy Choices](#)," R St. Institute, Cannon 122

12:00 p.m. — "The Department of Energy's Grid Resilience Proposal: Examining Impacts on Consumers and Energy Markets," Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave NE

12:30 p.m. — Natural Gas Roundtable [hosts](#) FERC Chairman Neil Chatterjee, University Club, 1135 16th Street, NW

12:30 p.m. — Senate Democrats and environmental groups rally against ANWR drilling in tax legislation, Senate Swamp

12:45 p.m. — "[New Realities for US Energy Security](#)," Resources for the Future, 1616 P St NW

2:00 p.m. — "[Legislative Hearing on Bill Streamlining Water Projects](#)," House Natural Resources Subcommittee on Water, Power and Oceans, Longworth 1324

2:30 p.m. — "[Legislative Hearing on Geothermal Exploration, 3 Other Bills](#)," House Natural

Resources Energy and Mineral Resources Subcommittee, Longworth 1334

## **THAT'S ALL FOR ME!**

*To view online:*

<https://www.politicopro.com/newsletters/morning-energy/2017/11/senate-close-to-resolving-anwr-issues-036181>

### **Stories from POLITICO Pro**

#### **ANWR language complicates tax bill** [Back](#)

By Seung Min Kim | 11/29/2017 04:20 PM EDT

A Republican effort to tie Arctic drilling to the tax bill hit a snag in the Senate today.

The Senate parliamentarian has told Democrats and Republicans that parts of the tax bill authorizing drilling in the Arctic National Wildlife Refuge would not be able to pass under budget reconciliation rules that prevents a filibuster, a Senate aide told POLITICO. Language easing environmental rules for ANWR drilling would need 60 votes to be kept in, which Republicans would not have.

The aide said provisions may have to be stripped from [the bill](#) before it could proceed, make drilling in the refuge virtually impossible, although multiple other sources said the issue was easily resolved.

The ANWR language had been a priority for Sen. [Lisa Murkowski](#) (R-Alaska), who is seen as a key swing vote on the bill.

*To view online [click here](#).*

[Back](#)

#### **Senate GOP clears key hurdle on taxes** [Back](#)

By Seung Min Kim, Colin Wilhelm and Bernie Becker | 11/29/2017 09:15 AM EDT

The Senate set the stage Wednesday for possible passage of its tax bill later this week, voting to begin formal debate after a day of wheeling and dealing for enough Republican votes.

On a party line 52-48 vote, the Senate moved to formal debate on the GOP legislation, which Republicans are hoping to pass before the end of the year so they can take a key legislative victory into the 2018 elections after a year of disappointments on other major bills. The House passed its own version of tax reform earlier this month.

Senate GOP holdouts began lining up behind their party's tax overhaul earlier in the day. But Republican leaders still have a litany of issues to resolve before the bill gets across the finish line, which they hope will be by week's end. Those issues include an expected ruling from the Senate parliamentarian that could rule out a companion measure to allow drilling in the Arctic National Wildlife Refuge, one Senate aide said, although other sources downplayed how problematic that issue is.

Another factor, which would rile the White House, is a proposal to cut the corporate tax rate to 22 percent instead of 20 percent to free up money for a more generous child tax credit.

In a key concession, Senate Republicans agreed to increase the tax deduction offered to businesses that don't pay corporate taxes, called "pass-throughs," according to two GOP senators, a move meant to win over Sens. Steve Daines of Montana and Ron Johnson of Wisconsin.

Another GOP holdout, Sen. Susan Collins of Maine, voted to move the bill forward after assurances that other legislation would be passed to stabilize the health insurance market if Obamacare's individual insurance mandate is abolished in the tax bill as planned. And GOP senators said they had made progress on a "trigger" mechanism to raise taxes or cut spending that would kick in if the bill fell short of economic growth projections, a change sought by Sens. Bob Corker of Tennessee, Jeff Flake of Arizona and James Lankford of Oklahoma.

Collins also told reporters that both President Donald Trump and Senate Republican leaders support her request to include a deduction for up to \$10,000 in property taxes — paralleling a House provision — although they've yet to agree on how to pay for it.

She would pay for it by setting the corporate tax rate at 21 percent and keeping the top rate for individual earners at 39.6 percent, though Collins added, "They're not crazy about my pay-fors, I will admit."

At the same time, more than a few House Republicans, especially conservatives, gave poor reviews to the trigger proposal, potentially making it more difficult for the two chambers to reach a final compromise on a tax bill.

A negative decision on ANWR could also complicate matters in the Senate. But while one Senate aide said the parliamentarian found that the bill's ANWR provisions ran afoul of strict budget rules, other aides said the issue could be worked around without much trouble.

And Sen. Lisa Murkowski (R-Alaska), a perennial swing vote who scored the language that expands drilling in the refuge, said in a statement Wednesday that she would support the overall package.

Sen. John McCain of Arizona, who has kept his views on the tax bill muted this week, also voted to push it forward.

Other balking GOP senators also fell into line, including Jerry Moran of Kansas, who also has expressed concerns about the amount of red ink caused by the bill.

GOP senators earlier Wednesday said they were still working through the trigger sought by the three Republican deficit hawks, which experts say could violate Senate budget rules. Options for a trigger now include automatic spending cuts if the tax bill didn't spur the economy as much as Republicans want, according to Sen. John Kennedy (R-La.).

Senate Republicans had also been discussing automatic tax increases as a trigger, while Sen. Ted Cruz (R-Texas) is among those pushing the idea of guaranteed tax cuts if the economy exceeds expectations in the future.

An earlier proposal that was floated would boost the corporate tax rate — currently set at 20 percent in the bill — by 1 percent to make up revenue if GDP did not grow an average of 0.4 percent during a five-year period. Another trigger proposal could prompt tax increases worth as much as \$350 billion in additional revenue over a decade, starting in 2022, according to a source familiar with the negotiations.

Several GOP senators who said they didn't like a trigger also voted for the motion to proceed to ensure the tax bill's passage.

"We're not talking about a large tax increase," Lankford said. "We're talking about small things around the edges to be able to guard against future increases in deficits."

On the pass-through sticking point, the Senate bill would be changed to give the businesses a tax deduction of up to 20 percent of their income, an increase from the 17.4 percent currently in the measure.

But increasing the deduction would also give even more benefits to higher earners, feeding into Democrats' criticism of a measure that most polls find unpopular. Daines said the proposal also would cost around \$60 billion over a decade - which would take up most of the breathing room Senate Republicans have for their bill, which can cut taxes by no more than \$1.5 trillion over a decade.

"There has been some good progress for Main Street businesses in the tax cut bill," Daines said.

Johnson, along with Daines, wants to eliminate the ability of corporations to deduct their state and local taxes, which would free up about \$140 billion in revenue, Johnson said Wednesday. That could increase the deductibility for pass-throughs as high as 27 percent, according to the senator.

Collins previously had outlined a series of objections to the bill, including that it totally eliminated the deduction for state and local taxes. The Maine Republican said she decided to vote to proceed to the tax bill after securing assurances from GOP leaders that proposals to stabilize Obamacare insurance markets and protect pre-existing conditions would be included on must-pass legislation this year.

But Keith Hall, the director of the Congressional Budget Office, told lawmakers Wednesday that

his office did not expect one of those proposals, cosponsored by Sens. Lamar Alexander (R-Tenn.) and Patty Murray, to prevent increases in health care premiums.

Meanwhile, a number of House Republicans unloaded on the trigger idea. The Republican Study Committee, a conservative group of more than 150 House Republicans, won't take an official position on the trigger until it holds a formal vote of all members.

But Rep. Mark Walker of North Carolina, the group's chairman, said: "We don't want it," adding that not a single member of the group said they'd be willing to vote for the Senate tax reform package without further changes. The House passed its own tax bill this month, and GOP leaders there have repeatedly said the two chambers will go to a conference committee to resolve the differences in their bills.

At the same time, a pair of prominent Senate Republicans are pushing to raise the corporate tax rate from its current proposed 20 percent, in exchange for a larger benefit to families with children.

Sens. Mike Lee of Utah and Marco Rubio of Florida announced Wednesday they would introduce an amendment to do just that. It would take the corporate rate to 22 percent while making the child credit partially refundable and tie the changes to inflation. Trump has called the 20 percent corporate rate a red line, and the White House said Wednesday it would oppose increasing it to pay for a more robust child credit.

"We have a chance to do better by working families in this tax bill," Lee and Rubio said in a statement, adding that "this amendment would level the playing field for families, while still kick-starting national investment and growth."

Some other senators were amenable to the idea. "I wouldn't be opposed to going up to do a number of things," said Flake.

*Rachael Bade and Sarah Ferris contributed to this report.*

*To view online [click here](#).*

[Back](#)

**Tax change would create havoc for renewable energy financing** [Back](#)

By Eric Wolff | 11/29/2017 05:56 PM EDT

Renewable energy advocates are warning that money for wind and solar power projects could dry up if Congress doesn't alter language in the tax bill that's designed to prevent banks from moving their profits abroad.

Companies that develop wind and solar projects typically sell the federal tax incentives attached

to their green energy projects to banks, who can use them to reduce their own tax burdens. Those "tax equity" deals provide the renewable energy developers with the cash they need to build their projects.

But provisions in the Senate tax bill would make it difficult for banks with overseas subsidiaries to buy the credits, which are also accrued by low-income housing and infrastructure projects.

"To me it feels like a drive-by shooting," said Mike Garland, CEO of wind developer Pattern Energy. "Clearly the provision is aimed at corporations who are sending work overseas, but the result is that the investment in U.S. activities is penalized."

Under measures in the tax proposal aimed at reducing "base erosion," Congress would create a kind of minimum tax on profits earned in the U.S. to prevent companies from shifting that income onto the books of their subsidiaries in countries with lower taxes. But the current language would require energy project developers and their bank partners to recalculate their tax credits every year — creating uncertainty that would push many of the financial institutions out of the tax equity business.

"It takes us out of the market," said a source at one bank that does this kind of financing. "The best case scenario is it significantly reduces our involvement in the market, but it would be so difficult to plan in the near term at least, it would take us out. And we're talking about hundreds of millions of dollars of investment every year."

Renewable energy developers don't have the large profits that banks tend to generate, so they don't pay enough taxes to benefit directly from the Investment Tax Credit for solar or the Production Tax Credit for wind that Congress created.

So they have relied on the tax equity financing to drive their rapid growth. In a [blog post](#), Keith Martin, an attorney who is co-head of U.S. projects for Norton Rose Fulbright, said nearly half the financing for a typical solar project and more than half the money for a typical wind project comes from tax equity deals — and four financial institutions have already told him they would leave the market if the law is changed.

There are nearly three dozen financial institutions doing these kinds of deals presently, but about 40 percent of the total funding comes from just three of them: JPMorgan Chase, Bank of America and US Bank.

"Without tax equity financing, most of these projects don't go forward, solar or wind," said one renewables industry source who's lobbying on the issue.

The Senate bill has renewable energy industry groups up in arms. The Solar Energy Industries Association, the American Wind Energy Association, Citizens for Responsible Energy Solutions and the American Council on Renewable Energy sent a joint [letter](#) today to every senator asking for a fix. The lobbying source said the groups are pushing hard for changes, and they have several legislative proposals they hope to get attached to the bill during the vote-a-rama amendment process expected later this week. The person declined to describe the proposals

because "things are at a delicate stage."

Financial institutions might be amenable to a provision that allowed banks to carry over unused tax credits to future years, according to the banking source. That would lower the returns on their investments, but it would keep them in the market.

Peter Kelley, vice president for public affairs for AWEA, said Sens. [Rob Portman](#) (R-Ohio), [Chuck Grassley](#) (R-Iowa), [Maria Cantwell](#) (D-Wash.) and [Ron Wyden](#) (D-Ore.) are "working to fix the problem before the bill is considered by the full Senate."

"We continue to advocate for a tax reform package that does not threaten the \$85 billion in economic activity and the projected 50,000 new American jobs from wind farm development through 2020," he said in a statement.

Grassley, who is already playing defense to keep cuts to the wind tax credit included in the House bill out of the final bill, and a spokeswoman said, "Sen. Grassley is aware of the concerns raised and is looking into the issue."

*To view online [click here](#).*

[Back](#)

### **Advanced biofuels set for slight bump in final RFS rule [Back](#)**

By Eric Wolff | 11/29/2017 09:16 PM EDT

EPA today will provide a slight bump for advanced biofuel volumes requirements in 2018 as part of a final Renewable Fuel Standard rule set to be released Thursday, oil and ethanol sources tell POLITICO.

The rule, which is largely in line with a proposal EPA released in July, also requires blending of 15 billion gallons of conventional biofuels — typically corn ethanol — the maximum allowed by law and the same as what the Obama administration required for 2017.

It sets the overall advanced biofuels target at 4.29 billion, 10 million gallons more than were required this year and a 50 million gallon increase compared to its July proposal. The rule requires 288 million gallons of cellulosic ethanol, a reduction from the 311 million gallons required this year, but up from the 238 million gallons proposed in July.

Biodiesel producers are likely to be upset by the rule's targets. It requires 2.1 billion gallons of biomass-based biodiesel for 2019, the same as what is required in 2018, despite the industry saying it could easily produce more. The agency did not change the already final 2.1 billion gallon biodiesel requirement for 2018, as it had suggested it might in a notice released last month.

EPA Administrator Scott Pruitt had promised Midwestern senators earlier this year that he would not set levels any lower than the July proposed rule.

Bloomberg first reported the volumes earlier today.

The rule's Thursday release would mark the second year in a row EPA has released the volumes by the Nov. 30 deadline required by law, and it will fulfill Pruitt's promises to industry to produce a rule on time.

**WHAT'S NEXT:** EPA likely will face legal challenges to the numbers from oil interests, biofuel interests or others.

*To view online [click here.](#)*

[Back](#)

## **Zinke to end coal leasing moratorium, reinstate royalty advisory committee [Back](#)**

By Esther Whieldon | 03/28/2017 08:15 PM EDT

Interior Secretary Ryan Zinke on Wednesday will revive an internal advisory committee on energy leasing and royalties, and he will rescind the Obama administration's coal leasing moratorium, according to sources familiar with the plans.

Zinke's move will follow President Donald Trump's executive order today directing his administration to review or eliminate a suite of Obama-era climate and energy policies, including the leasing moratorium. Former Secretary Sally Jewell put Interior's coal leasing program on hold while the agency reviewed how much it should be charging for the leases.

Zinke will also reinstate Royalty Policy Committee that the Obama administration terminated in 2014, sources say. The committee advises the secretary on managing federal and tribal mineral leases and revenues and members have typically included federal representatives as well as state, tribes, industry and public interest groups.

As a congressman Zinke [sponsored](#) a bill that would have had Interior reinstate the committee. Sen. [Steve Daines](#), who has said he will attend the signing, sponsored a similar bill.

**WHAT'S NEXT:** Zinke will sign orders reinstating the royalty committee and ending the coal leasing moratorium at 10 a.m. Wednesday at Interior Department headquarters.

*To view online [click here.](#)*

[Back](#)

## **GOP looks to jam Democrats in shutdown fight** [Back](#)

By Rachael Bade, John Bresnahan and Sarah Ferris | 11/29/2017 01:06 PM EDT

President Donald Trump and congressional GOP leaders are daring Democrats to shut down the government over immigration rather than back a plan to extend funding into January.

After Democratic leaders Rep. Nancy Pelosi and Sen. Chuck Schumer boycotted a Tuesday afternoon White House negotiating session on government funding, Speaker Paul Ryan and Senate Majority Leader Mitch McConnell began hashing out a plan to pass a short-term spending bill to fund the government into January. The measure would not include a fix for so-called Dreamers, something Democrats have demanded be part of any spending bill.

Trump was open to the idea of a short-term continuing resolution during a White House meeting with GOP leaders, according to multiple Hill and White House sources familiar with the meeting.

While the plan hasn't been finalized, the House would move first under this scenario, passing a bill with only Republican votes. The Senate would then try to follow suit, but it would need to pick off at least eight Senate Democrats to clear the chamber's higher 60-vote threshold. Republicans believe that Schumer would come under heavy pressure from his own colleagues to avoid being blamed for a shutdown, GOP aides said.

Delaying a broader debate on government funding into 2018 would cheer conservatives, who have been dreading a massive year-end spending package that includes a fix for the Obama-era Deferred Action for Childhood Arrivals program. Republicans also want to complete work on a massive \$5 trillion tax bill before taking on another fight.

But it also raises the likelihood of an ugly shutdown battle just before the holiday season.

Many Democrats have vowed to withhold their votes from any spending agreement that does not include a fix for the young undocumented immigrants brought to the country as minors. Democratic leadership sources have suggested that Pelosi and Schumer could back a one- or two-week CR. But they're loath to move the deadline past Jan. 1.

Still, Democrats may come under pressure to avoid a government shutdown over DACA, which does not fully expire until March. One House Appropriations Committee Democratic source said there could be some wiggle room in the party's stance on DACA that could help avert a shutdown. The source speculated that while many Democrats are dead-set against a full-year spending package without an immigration deal, there may be fewer who would object to a CR into January.

"There are a lot of questions that would determine how Democrats vote," the source said. "DACA is one, but there's also the question of the supplemental. There's the question of a [spending] caps deal."

At the same time, Ryan and other GOP leaders have for weeks resisted the idea of a stopgap bill through January.

"This is something the speaker feels strong about," leadership ally Rep. Tom Cole (R-Okla.) told POLITICO on Monday night. "A CR and sequester for the military is not a way to begin the New Year."

But that stance is shifting as Dec. 8 — when the government runs out of money — approaches and the GOP remains laser-focused on its tax bill.

Democratic leaders' refusal to show up at the White House for spending talks Tuesday, after Trump insulted them on Twitter, has also solidified a GOP desire to consider a more hard-line strategy.

"I'm very disappointed that Democrats abandoned the field with a shutdown looming. I think that's irresponsible," said Rep. Hal Rogers (R-Ky.), a longtime spending panel member who often works with Democrats on funding matters. "If the Democrats won't even talk, they're the ones who are going to cause a shutdown."

Asked about the new strategy, Ryan's office downplayed the notion that it has settled on a new GOP-only approach, arguing that everything is still in flux.

"No plan has been decided on," said Ryan spokeswoman AshLee Strong. "Assuming Democrats are interested in talking with congressional leadership and the White House, talks will continue."

The left is far from alone in its resistance to a CR through January. GOP defense hawks such as House Armed Services Chairman Mac Thornberry of Texas abhor the idea of funding the military on a temporary basis and often complain that the lack of budget certainty cripples the nation's readiness.

However, Defense Secretary James Mattis, who also attended the White House meeting Tuesday, plans to talk to defense hawks to try to make them more comfortable with the plan. GOP leadership is also going to try to win over defense hawks by promising more spending for the military if they wait until January, perhaps even higher than the nearly \$603 billion currently being considered, according to one House GOP source.

GOP leaders could also encounter resistance from moderate Republicans representing Hispanic-heavy districts. Rep. Carlos Curbelo (R-Fla.) on Tuesday said he would vote against any government funding bill past December that doesn't include a solution for Dreamers.

"I'm announcing today that I will not support any appropriations bill that funds the government beyond Dec. 31 unless we get this DACA issue resolved," Curbelo said at a panel on immigration reform in Florida held by the pro-immigrant business group IMPAC Fund and the University of Miami.

At the same time, a longer stopgap spending bill would be applauded by conservatives. Members

of the House Freedom Caucus and Republican Study Committee have been urging Ryan not to create a new deadline right before Christmas, fearful that it would cripple the GOP's leverage and lead to the right getting steamrolled on immigration.

"If we have to do a CR, we prefer January rather than Christmas," Freedom Caucus leader Mark Meadows (R-N.C.) said Wednesday morning.

The lawmakers who actually have to write spending bills would also prefer a stopgap that stretches into January, as it would give them more time to work on a bigger appropriations package to fund the government.

*Eliana Johnson contributed to this report.*

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[Back](#)

**Barton to remain E&C vice chair** [Back](#)

By Darius Dixon | 11/29/2017 03:22 PM EDT

Rep. [Joe Barton](#) said today he had discussed his role as vice chairman of the powerful House Energy and Commerce Committee with Chairman [Greg Walden](#), but he has no plans to relinquish his spot following the embarrassing episode last week when an explicit photograph of him circulated online.

"For the time being," he told POLITICO. "I guess I can answer that."

A spokesman for the longtime Texas Republican has already said Barton had no plans to leave Congress, but he acknowledged discussing his position on the committee with Walden.

"I've had a private discussion with Chairman Walden, but it is private," Barton said. Whatever happens with his position as vice chairman would "be a mutual decision," he added.

Barton [apologized](#) over the picture last week and said that the Capitol Police are investigating the incident.

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[Back](#)

**Grijalva asks to end confidentiality of workplace misconduct settlement** [Back](#)

By Elana Schor | 11/29/2017 03:29 PM EDT

Rep. Raul Grijalva (D-Ariz.) said Wednesday that he has asked the attorney for a former aide he paid to resolve a workplace misconduct claim to release him from confidentiality rules so he can share the details of their settlement.

Grijalva became the second sitting House member embroiled in controversy over Congress' secretive system for settling workplace misconduct claims after the Washington Times reported Tuesday he paid more than \$48,000 to a staffer over a hostile work environment claim stemming from his alcohol use. The Arizona Democrat slammed the newspaper's report but did not dispute that a settlement was reached on his behalf.

Recalling the negotiation of the settlement, Grijalva told POLITICO on Wednesday that at times he thought he "should have insisted on" handling the complaint through litigation or through Capitol Hill's Office of Compliance, which requires the leaders of the House Administration Committee to approve any settlement.

Those options "would have not handcuffed me" when it comes to discussing the terms of the settlement, Grijalva said. Until the former aide's counsel agrees to the release of the agreement, he added, "I can't unilaterally do it without exposing myself to getting sued on a personal level."

Grijalva said his office has yet to receive a reply to a verbal request that the former aide's attorney agree to release the terms of the 2015 settlement, which was paid through his committee operating budget rather than the Office of Compliance's fund for settling workplace disputes on Capitol Hill.

Rep. John Conyers (D-Mich.) is facing a political firestorm over three sexual misconduct complaints from former aides, one of whom settled a claim against him that was paid using his personal office's budget rather than the Office of Compliance's fund.

Reps. Jackie Speier (D-Calif.) and Barbara Comstock (R-Va.) have introduced bipartisan legislation that would publicly identify the offices on the receiving end of misconduct complaints and allow alleged victims to discuss their claims without being bound by confidentiality. Grijalva noted that "a plus" to that legislation is the transparency it brings to the settlement process.

"Because, otherwise, what are you hiding?" he said. "And then you leave it up to supposition, which is never good."

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[Back](#)

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