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## **Energy and Climate Report**

### **Afternoon Briefing - Your Preview of Today's News**

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night.

#### **Trump to Withdraw U.S. from Climate Accord**

*Posted June 01, 2017, 03:52 P.M. ET*

*By [Jennifer A. Dlouhy](#)*

President Donald Trump announced the U.S. would withdraw from the Paris climate pact and that he will seek to renegotiate the international agreement in a way that treats American workers better.

“So we are getting out, but we will start to negotiate and we will see if we can make a deal, and if we can, that’s great. And if we can’t, that’s fine,” Trump said Thursday, citing terms that he says benefit China’s economy at the expense of the U.S.

Trump’s announcement, delivered to cabinet members, supporters and conservative activists in the White House Rose Garden, spurns pleas from corporate executives, world leaders and even Pope Francis who warned the move imperils a global fight against climate change.

“In order to fulfill my solemn duty to protect America and its citizens, the United States will withdraw from the Paris climate accord, but begin negotiations to re-enter either the Paris accord or really an entirely new transaction on terms that are fair to the United States, its businesses” and its taxpayers, Trump said.

Although cast as a final decision, the announcement only prolongs uncertainty over the U.S. role in an agreement among almost 200 nations to address global warming. Trump is kicking off a withdrawal process that will take until November 2020 to unfold—creating an opening for him to reverse course and injecting it as an issue in the next presidential election.

Under the terms of the deal, the earliest the U.S. can formally extricate itself from the accord is Nov. 4, 2020—the day after the next presidential election. And Trump would have wide latitude to change his mind up until that point.

Trump, who has called climate change a “hoax,” campaigned on the pledge to exit the 2015 pact, and criticized it as “one-sided” against U.S. interests. White House legal advisers and some Republican lawmakers had warned that staying in the accord could undercut Trump’s efforts to rescind rules on power-plant emissions and fuel efficiency.

The agreement “front-loads costs on the American people to the detriment of our economy and job

growth while extracting meaningless commitments from the world's top global emitters, like China," a White House memo distributed Thursday said. "The U.S. is already leading the world in energy production and doesn't need a bad deal that will harm American workers."

Under the terms of the agreement, nations can adjust their emissions targets and their pledges vary widely. For instance, where the U.S. pledged to cut greenhouse gas emissions by at least 26 percent from 2005 levels, China said it would only begin reducing its emissions by about 2030. And India said it would only reduce the carbon intensity of its economy, meaning the nation's emissions would continue to rise.

Conservative groups quickly applauded Trump's decision.

"By not succumbing to pressure from special interests and cosmopolitan elites, the president demonstrated he is truly committed to putting America's economy first," Michael Needham, the chief executive officer of Heritage Action, said in a statement.

Environmentalists blasted the decision, saying it would turn the U.S. into an international pariah on climate change, even though it would not halt a global clean-energy revolution.

"The world has already resolved to act on climate, the renewable-energy industry is growing exponentially, and people all over the globe are becoming part of the clean energy future," said Greenpeace USA Executive Director Annie Leonard. "Progress will continue with or without Donald Trump, but he is making it as painful as possible for people around the world."

The move will have significant environmental and diplomatic consequences. As the richest nation and the second-largest emitter of carbon dioxide, the U.S. is central to efforts to address global warming. The Vatican, European leaders and companies as diverse as Exxon Mobil Corp. and Microsoft Corp. had urged the president to remain in the pact, with last-minute appeals by Tesla Inc.'s Elon Musk and Apple Inc.'s Tim Cook.

Corporate leaders have warned of long-term economic consequences, arguing that a withdrawal would put the U.S. at a disadvantage in the global race to develop and deploy clean-energy technology. They argued a U.S. exit also risks a backlash against American products, raising the specter of consumer boycotts or carbon tariffs from the European Union, China and other nations. Twenty-five companies, including Intel Corp., Microsoft and PG&E Corp., signed onto a letter that ran as a full-page advertisement in the New York Times on Thursday warning of potential "retaliatory measures."

"We respect President Trump's decision and will continue to work closely with his administration on issues related to energy policy," Royal Dutch Shell Plc, a supporter of the Paris accord, said in a statement.

"Shell recognizes that climate change is a challenge that belongs to all of society – not one individual or one country," the statement read. "For our part, we will continue to take internal actions and convene important conversations that acknowledge our role in providing more and cleaner energy."

Congressional Democrats quickly condemned the decision on the Paris accord. "Trump is betraying the country, in the service of Breitbart fake news, the shameless fossil fuel industry, and the Koch brothers' climate denial operation," said Sen. Sheldon Whitehouse, a Democrat from Rhode Island.

Sen. Chris Murphy, a Democrat from Connecticut, tweeted "Dear planet, we're sorry. Please just

hang on for three and a half more years and we'll fix this. We promise."

The debate whether to exit the agreement played out for months in the White House. Environmental Protection Agency Administrator Scott Pruitt and chief strategist Stephen Bannon pushed for an exit. Those arguing to stay included Trump's daughter, Ivanka Trump, and Secretary of State Rex Tillerson. Energy Secretary Rick Perry endorsed a renegotiation.

The Paris accord is broader than any previous climate agreement. It calls for reducing carbon dioxide emissions in hopes of limiting global warming to 2 degrees Celsius (3.6 degrees Fahrenheit) above temperatures at the outset of the Industrial Revolution. That's the upper limit scientists have set to keep climate change from hitting an irreversible tipping point, unleashing catastrophic floods, droughts and storms.

The immediate effect on U.S. companies and consumers is muted.

Trump has already moved to dismantle regulations and government programs to fight global warming. He ordered a review of fuel-economy standards for cars and light trucks, which along with other vehicles are the U.S.'s largest source of greenhouse gases. And he set in motion a process to scrap the Clean Power Plan, which would have required utilities to slash their carbon-dioxide emissions. The EPA is also moving to rescind rules to prevent methane leaks.

Technically, Trump can't withdraw from the accord immediately. Under its terms, he must wait until November 2019 to formally submit his bid to quit. It will take another year after that before the U.S. is actually out.

Withdrawal would put the U.S. in league with just two other nations—Syria and Nicaragua—that are not participating in the agreement.

U.S. climate efforts won't completely cease just because Trump is walking away from Paris.

States including California, New York and Massachusetts continue to move forward with aggressive policies to cut carbon emissions. Anheuser-Busch InBev NV, Amazon.com Inc., Alphabet Inc.'s Google and other companies continue their push to power their facilities with wind and solar energy. Low-carbon wind, solar and natural gas are so cheap that the Department of Energy is studying what it can do to help ailing, older coal and nuclear plants.

--With assistance from Joe Ryan, Justin Sink, Jennifer Jacobs, Jennifer Epstein and Steven T. Dennis.

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## **Taiwan Approves Four-Year Plan to Double Wind Power**

*Posted June 01, 2017, 02:23 P.M. ET*

*By [Yu-Tzu Chiu](#)*

Taiwan approved a plan June 1 to double its installed wind power capacity over the next four years.

The government will build or back wind farms onshore and set up model wind farms in near-shore areas with a goal of increasing Taiwan's installed wind-power capacity from 652 megawatts to 1.334

gigawatts, it said.

“Government initiatives to promote solar and wind power are crucial for Taiwan to conduct energy transition, phase out energy power, and develop green energy industries,” Hsu Kuo-yung, a spokesman for the Taiwan Cabinet, said at a news conference.

The government has a long-range goal of reaching 4.2 gigawatts of installed wind power by 2025, and that could spur investment from the private sector worth 613.5 billion Taiwan dollars (\$20.4 billion), said the Ministry of Economic Affairs.

Taiwan President Tsai Ing-wen, since her inauguration in May 2016, has called for generating one-fifth of Taiwan’s total power from renewable energy by 2025, as part of an effort to phase out nuclear power.

Taiwan hopes to increase its total sustainable energy capacity to 27 gigawatts by 2025, including 20 gigawatts from solar energy, 4.2 gigawatts from wind energy, and the remaining from biomass, geothermal energy, hydropower and hydrogen energies.

## **Italy Switches on Five New Subsidy-Free Solar Power Plants**

*Posted June 01, 2017, 11:39 A.M. ET*

*By [Jessica Shankleman](#)*

Octopus Investments Ltd. started generating power from five subsidy-free solar plants in Italy in the latest sign that clean-energy can be profitable without government support.

The plants have a two-year fixed power price agreement in place with Italian power trader Green Trade SA, said Matt Setchell, head of renewable energy investments at Octopus, in a phone call. The plants are located in the Montalto di Castro region of Italy and have a combined capacity of 63 megawatts. Panels were supplied by Canadian Solar Inc.

“Renewable power doesn’t always need the government,” Setchell said. “It’s being driven by demand, rather than subsidy.”

Globally, solar prices have fallen by 62 percent since 2009, with every part of the supply chain trimming costs. That’s help cut risk premiums on bank loans, and pushed manufacturing capacity to record levels. By 2025, solar may be cheaper than using coal on average around the globe, according to Bloomberg New Energy Finance.

Europe currently has a handful of subsidy-free solar plants, located in Spain and Italy, according to Lara Hayim, at the London-based researcher. Those projects do run the risk of “cannibalizing” themselves by producing large volumes of solar energy, that in turn, can depress the high wholesale power prices that the projects rely upon, she said.

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