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Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Scotts Miracle-Gro Leads Pack in Cutting Bee-Harming Pesticides

Posted August 07, 2017, 7:01 A.M. ET

By [Tiffany Stecker](#)

Scotts Miracle-Gro Co. made an unusual move last year when the company announced it would remove a class of insecticides linked to bee deaths from its Ortho brand of home and garden products by 2021.

The decision was timely: the company's main customers were, one by one, announcing goals to phase out products with neonicotinoids—neonics for short—from store shelves.

Lowe's, The Home Depot, and Wal-Mart accounted for more than 60 percent of Scotts Miracle-Gro's sales in 2016. All three have committed to remove neonics by 2018. One year after the announcement, the company is well ahead of its goal, having already ditched three chemicals in the class and plans to remove the last one well before 2021.

"It's a chance to differentiate us from our competitors," Tim Martin, vice president and general manager of the Ortho, Roundup and TomCat brands, told Bloomberg BNA. "There's plenty other control products that will help gardeners out in controlling the pests that might get into their roses and make them look less than beautiful."

Scotts Miracle-Gro, whose Ortho brand is now the leader in garden pesticides, has forged an image as the greener garden care company. It has the largest organic gardening business in the country, accounting for almost 10 percent of its \$2.2 billion U.S. sales. The company has also invested in indoor and hydroponic growing, the primary method for growing cannabis as marijuana legalization spreads in states around the country.

In making its commitment, Ortho stepped into a heated debate over declining pollinator health. Though pesticides contribute to the problem, so do parasitic mites, landscapes barren of wild flowers and grasses, and climate change. The makers of neonicotinoids, and the farmers who benefit from their bug-killing properties, have urged the public not to jump to conclusions on the

chemicals' impacts on bees.

"The science shows that when the neonics are properly used, they're not posing a risk to pollinator colony health," Becky Langer, head of the North American Bee Care Program for Bayer CropScience, told Bloomberg BNA. Bayer, the original maker of the older neonic imidacloprid, also manufactures products to help beekeepers control parasitic Varroa mites that endanger honeybees.

"If we eliminate all of those choices, the customers lose access to the products which are allowing them to protect their homes and yards," Langer added.

Bayer CropScience sold its home pesticide business to French company SBM Développement last year, although the products still carry the Bayer name.

Neonics Out by 2021

Ortho's news of phasing out neonics ruffled the feathers of agricultural interests, an industry that has been skeptical of the claim that the chemicals are a primary cause of bee die-offs. The announcement to remove them from Ortho's product line was unconventional enough that Chairman and CEO Jim Hagedorn felt the need to explain the company's actions to shareholders.

"When consumers buy our products, they are physically interacting with the environment," he said on a May 3, 2016, quarterly earnings call last year, weeks after the announcement. "They care about the environment and they expect us to care as well. We can't simply play lip service to the issue. They need to know that we have their back."

"I'll just say this," Hagedorn added. "If we had the choice to make again, we would do the same thing. My only regret is we didn't do it sooner."

Scotts Miracle-Gro has made good on its promise well ahead of schedule. Ortho's pest-killers for trees, shrubs and flowers no longer contain three commonly used neonics: imidacloprid, clothianidin and dinotefuran. Acetimidiprin, still used in some of Ortho's plant sprays, will be out well before the 2021 deadline, according to the company.

Neonics work by absorbing into a plant and spreading through the vascular system. These "systemic" insecticides have made the pesticide very convenient for users and reduces exposure to the surrounding environment. But they can also materialize in pollen that bees pick up and return to the hive, weakening the colony. Dust from seed coatings can also shake off and affect bees.

Colony Collapse Disorder Waning

Scientists generally agree that all pesticides pose a threat to pollinator populations, but there is debate over whether it's the top concern for overall bee health. A number of other factors—parasitic mites, loss of wild grasses and flowers and weather—also play a role.

Neonicotinoids came on the radar around 2008, when reports of bees fleeing their hives hit headlines. This mysterious "colony collapse disorder" drew attention to the importance of pollinators for food production and the environment.

Since, the situation has somewhat improved. The Department of Agriculture released a [Aug. 1 survey](#) that found a 40 percent drop in colonies lost due to symptoms associated with colony collapse disorder for honeybee operations with fewer than five colonies, and 27 percent less for

operations with five or more colonies.

A recent survey from the Bee Informed Partnership shows that beekeepers lost about 33.2 percent of colonies between April 2016 and March 2017, a notable decrease from the 2012-2013 peak of 45 percent but still a troubling rate for the sector.

Ortho's neonic alternatives work by killing bugs on contact, rather than systemically, Martin of Scotts Miracle-Gro said, eliminating any "collateral damage" to bees. The company's four neonic alternatives contain pyrethrins and spinosad, plant and bacteria-based pesticides, and sulfur.

The Drift Problem

But Ortho's alternatives are still sprays, meaning the product will drift on a windy day right as bees are feeding on nearby flowers, Frank Hale, an entomologist at the University of Tennessee Institute of Agriculture, said.

With neonics, homeowners can mix their product in a bucket of water, pour it around the base of a tree, cover it with mulch and let it seep to the roots to prevent the drift from happening.

"It could probably control the insects all summer," Hale told Bloomberg BNA. "With even a light breeze, that drift can drift across your whole yard. It can drift into your neighbor's pool."

Martin knows that a neonic phase-out isn't the only solution for helping pollinators. The company is working to improve the directions on the bottles and packages for the alternatives, like not spraying directly on a bloom, or applying when bees aren't active, like early in the morning or late in the evening, he said.

Human Error

Environmental groups that pressure retailers to stop selling neonics and plants treated with the pesticides, have taken notice.

"It's a significant step for a manufacturer of that size to be signaling 'hey, this is a problem, we want to be getting this out of our products'," Tiffany Finck-Haynes, a campaigner with the advocacy group Friends of the Earth, told Bloomberg BNA.

More than 120 retailers have made varying commitments to not sell plants or products with neonics, Finck-Haynes said. Friends of the Earth has led a push to get box-store retailers to phase out the chemicals since 2013.

The company also formed a partnership with the Pollinator Stewardship Council at the time of the neonic announcement. Michele Colopy, program director of the Pollinator Stewardship Council, said the move is just the first step in a long-term effort.

The human error of applying pesticides the wrong way is any product's biggest weakness, said Colopy.

"Our mission is not about banning pesticides," Colopy told Bloomberg BNA. "It's about education, it's about maintaining habitat."

"There seems to be a focus within the company [shifting away] from killing things to repelling

things,” she added.

Invasive Species Plan Won’t Shut Down Lake Michigan Shipping

Posted August 07, 2017, 01:12 P.M. ET

By [David Schultz](#)

The Army Corps of Engineers wouldn’t shut down a crucial shipping channel between the Mississippi River and Lake Michigan as part of a [draft plan](#) to halt the spread of an invasive fish species.

The draft, released today, instead calls for installing numerous barriers at the Brandon Road Lock and Dam outside Chicago, including water jets, noise cannons, and an underwater electric fence. The corps said this and other measures should be the most effective at preventing the spread of the invasive Asian carp into the Great Lakes Basin. The carp has the potential to devastate the basin’s fishing industry.

The corps estimated that these measures will cost more than \$275 million to install, plus an additional \$30 million in annual upkeep costs. The project could be complete by 2025 at the earliest, it said.

The corps also considered shutting down the lock entirely. While this would be the most effective at stopping the spread of the carp, it also would close an artificial channel that connects the Mississippi basin to the Great Lakes Basin. This option, however, would cause the the shipping industry to lose more than \$300 million a year, the corps said.

Interior Calls for Changes in Sage Grouse Conservation Plans

Posted August 07, 2017, 03:13 P.M. ET

By [Alan Kovski](#)

Federal policy on the greater sage grouse in 11 states has room for changes, including modification of guidelines on oil and gas leasing as well as of the strictest protections aimed especially at mining, according to an Interior Department [report](#) released Aug. 7.

The report resulted from a policy review that Interior Secretary Ryan Zinke ordered in June. The agency called for better coordination of federal policies with state policies formulated to keep the bird from being listed for Endangered Species Act protections, a decision that could have had even greater impacts on energy, mining, and ranching sectors.

Zinke issued a statement saying he wanted agencies in his department “to immediately follow through on the short- and long-term recommendations,” such as waivers and modifications for priority habitat protections.

Trump Foiling Bid to Shun Unwanted Ethanol Spat with Brazil

Posted August 07, 2017, 01:14 P.M. ET

By [Mario Parker](#) and [Fabiana Batista](#)

President Donald Trump's America First rhetoric is doing no favors for U.S. ethanol producers, who are hoping to avoid a trade fight with fuel buyers in Brazil.

The administration has started making noise about rising imports of Brazilian biofuel made from sugar. That's got the South American producer mulling tariffs or a quota on imports of U.S. fuel made from corn. A trade spat would be a much bigger problem up north because the U.S. ships more than four times as much to Brazil than it buys from the country.

The brewing trade dispute is gearing up to pit the world's two biggest ethanol producers against each other. As the rivalry heats up, hedge funds seem to be signaling that Brazil will be the winner -- speculators cut their bullish bets on corn last week while getting less bearish on sugar.

"The winds of protectionism are blowing in Washington," said Joel Velasco, a principal at Albright Stonebridge Group in Washington and a former representative for the Brazilian Sugarcane Industry Association, or UNICA. "The race to raise barriers can quickly sour things for U.S. and Brazil relations."

Raw-sugar futures have climbed 2.7 percent since the end of June, buoyed by the outlook for increased use in ethanol. Gains for crude oil have spurred Brazil's state-controlled oil company, Petroleo Brasileiro SA, to raise gasoline prices, boosting the allure of ethanol, which competes directly at the pump in a country where most cars can use either fuel. A recent fuel-tax hike is also favoring use of the biofuel.

Corn Wagers

Speculators cut their corn net-long position, or the difference between bets on a price increase and wagers on a decline, by 21 percent to 84,644 contracts in the week ended July 25, according to U.S. Commodity Futures Trading Commission data released three days later. By contrast, the net-bearish sugar position contracted by 19 percent.

The tension escalated last month, when the U.S. Environmental Protection Agency, in proposing annual renewable-fuel quotas, asked for public comments addressing the agency's concerns that Brazilian ethanol is being used to satisfy parts of the country's biofuel mandate.

Both countries have long imported from each other, with demand fluctuating along with corn and sugar price differentials.

While Brazil also depends on its shipments to the U.S., its No. 1 customer, its industry as a whole is not as reliant on exports because of a robust domestic market, making a trade dispute more of an issue for the American producers. The U.S.'s capacity exceeds its current domestic demand.

Bad Timing

It's also bad timing for U.S. producers who already lost a mammoth customer in China after the nation raised tariffs on American ethanol and an animal feed byproduct. While the American industry wrote a Feb. 7 letter to Trump asking him to intervene, those issues were absent in a May announcement that the U.S. reached an agreement with China on commodities, including beef.

To ward off a similar fate from Brazil, Washington-based trade groups for agriculture and biofuels are lobbying the Trump administration for a softer stance and for the South American nation to

reconsider its move toward a tariff.

The efforts seem to be helping. The South American nation on July 25 postponed an official decision from its trade chamber on the potential 20 percent tax. Groups including the U.S. Grains Council, the Renewable Fuels Association and Growth Energy applauded the move.

“This proposal, if implemented, would have wide-ranging and long-standing impacts on both our industries and the global fuel supply,” the groups said in an emailed statement.

Still, it’s hardly a settled debate. Brazil’s industry group UNICA plans to push regulators to move against a recent flood of American shipments, according to Eduardo Leao, the group’s executive director. One proposal is for an import quota of 600 million liters (158 million gallons), with a 20 percent tariff on shipments exceeding the limit, he said. That quota would be less than half the total shipments from the first half of this year.

U.S. ethanol exports to Brazil plummeted 68 percent in June, according to U.S. Agriculture Department data.

Even though gains for sugar prices mean that imports are sometimes favorable for Brazil, “they don’t want to be on the hook,” perpetually soaking up a surplus of U.S.-produced ethanol at the expense of their domestic industry, said Craig Irwin, an analyst at Roth Capital Partners LLC in Newport Beach, California.

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Merkel Climate Goal in Doubt with Greenhouse Gases on the Rise

Posted August 07, 2017, 8:45 A.M. ET

By [Brian Parkin](#)

More than 12 straight months of rising greenhouse gas pollution in Germany are casting doubt on whether Chancellor Angela Merkel’s government can meet climate targets.

“Without an immediate program of climate protection, the 2020 target will clearly be missed,” according to a [statement](#) from [Agora Energiewende](#), a Berlin-based researcher that published preliminary emissions data on August 7.

Carbon dioxide emissions in Europe’s largest economy grew by 5 million tons, or 1.2 percent, to 428 million tons in the first six months, according to Agora. The rise in greenhouse gases responsible for global warming follows increased German emissions in 2016, which reached 906 million tons compared with 902 million tons the year before.

The data shows that Merkel’s goal—cutting 2020 emissions by 40 percent relative to 1990 levels—is on the verge of failure. By last year, Germany had cut emissions by just 28 percent compared to output in 1990.

“The gap to reach a 40 percent reduction target for climate protection won’t narrow, but will remain at about 150 million tons,” Agora Director Patrick Graichen said in the statement.

A combination of economic growth, rising power generation and car sales contributed to Germany’s

rising emissions last year, according to Agora. Goods and services in the world's fourth-biggest economy grew almost 2 percent, helping German car drivers add 3.4 million mostly-diesel automobiles to the road, a 4.5 percent increase from the year before.

Emissions from diesel combustion rose 6.5 percent in the first six months of this year. Carbon dioxide pollution from oil, gas and lignite combustion rose by almost 10 million tons for the six months through June 30. Emissions from hard coal dropped by 5 million tons, said Agora.

Lawmakers from Merkel's Christian Democratic party want Germany to drop over-ambitious climate targets and align the nation's policy with European Union-wide goals after next month's federal election. The EU wants to reduce emissions by 40 percent by 2030.

Germany's Ministry of the Environment didn't immediately respond to requests for comment. Coal plants run by RWE AG, Uniper SE and Vattenfall AB are to blame for slowing German progress toward greenhouse gas reduction goals, the ministry said earlier this year.

Merkel may seek to tread carefully over climate policy as the election nears. Climate change tops German voters list of worries, ahead of terror attacks, crime rates and the influx of refugees, according to a Kantar Emnid GmbH poll conducted on July 26-27. Some 71 percent of respondents said climate change "caused them personally most worry" according to the poll.

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U.K. Clears \$5.5 Billion Offshore Wind Farm for Scottish Power

Posted August 07, 2017, 9:23 A.M. ET

By [Anna Hirtenstein](#)

The U.K. government gave the green light to ScottishPower Renewables Ltd. to build a 1.2-gigawatt wind farm off the coast of Norfolk that may cost as much as \$5.5 billion.

The East Anglia Three offshore wind farm received planning consent from Secretary of State for Business, Energy and Industrial Strategy Greg Clark, according to a statement from the developer. It will consist of 172 turbines, each more than twice as tall as the Big Ben clock tower in London. It may cost as much as \$5.5 billion, according to analysts at Bloomberg New Energy Finance.

The developer will now move to the next phase where it prepares to bid in an auction for a contract for difference, which would fix a price for the electricity generated from the wind turbines. If successful, ScottishPower Renewables expects construction to begin in 2022 and for the project to be working by 2025.

"This project will need the U.K. to hold a third contracts for difference round in order to get a subsidy and find a route to market, as it will be built too late for it to compete in the second one," said Tom Harries, wind analyst at Bloomberg New Energy Finance.

ScottishPower Renewables is currently working on its East Anglia One wind farm, which is planned to be 714 megawatts in installed capacity and operational by 2020. It will sell its power at a price of 119 pounds (\$155) a megawatt-hour. The developer expects to be able to deliver a lower price for East Anglia Three, according to the statement.

“Major contracts are already being delivered in towns and cities spread out all across the U.K.,” said Keith Anderson, CEO of ScottishPower Renewables. “Offshore wind has supported jobs and investment in Hull, Hartlepool, Lowestoft, Great Yarmouth, Grimsby, Teesside, Tyneside, Fife, Machrihanish and Belfast to name but a few. Large-scale projects like East Anglia Three will continue to help to encourage economic regeneration where it is needed most.”

The East Anglia Three wind farm is expected to power nearly 1 million homes in the U.K. upon completion.

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Big Oil’s Dream of \$65B Hidden Off Norway Is Fading Away

Posted August 07, 2017, 7:43 A.M. ET

By [Mikael Holter](#)

Norway’s oil industry has been salivating for years over the Arctic Lofoten islands, which could hold billions of barrels of crude. It will likely have to keep dreaming.

The general election next month is unlikely to lift a deadlock that’s keeping a ban on drilling off the environmentally sensitive archipelago as more and more Norwegians are turning their backs on the industry that helped make the country one of the world’s richest.

“It’s a dead issue,” said Frank Aarebrot, a professor of political science at the University of Bergen.

Backed by unions and business, Norway’s two biggest parties, Labor and the Conservatives, have long favored steps that could open up the area for exploration. But so far they have had to compromise with smaller parties that are determined to keep Lofoten oil-free.

That’s because the area is a natural wonder. The waters off the rugged archipelago are home to the world’s biggest cold-water coral reef and a breeding area for 70 percent of all fish caught in the Norwegian and Barents seas, according to WWF. The islands also host mainland Europe’s biggest seabird colony. Opponents of oil exploration argue a spill could cause catastrophic harm and that Norway will run afoul of the Paris climate agreement if it expands exploration more.

Oil companies led by state-controlled Statoil ASA, the biggest Norwegian producer, say gaining access is key if the country wants to maintain production of oil and gas, which is forecast to fall again from 2025 after already dropping 12 percent since a 2004 peak. While the government estimates Lofoten could hold about 1.3 billion barrels of oil equivalent, industry group Konkraft has said resources could top 3 billion barrels. If it’s all crude rather than gas, that would represent at least \$65 billion in sales value at current prices.

“We’re dependent on making new discoveries to have new projects in that time-frame,” Statoil spokesman Bard Glad Pedersen said by phone. “That also underlines the urgency in an impact assessment for Lofoten and Vesteraalen.”

The debate over Lofoten frames a wider discussion in Norway over what role western Europe’s biggest oil and gas producer, which started pumping crude in the 1970s, should take in the fight against climate change. Some 44 percent of Norwegians would be willing to leave some oil in the ground if it helps cut emissions, according to an Ipsos poll done this month for [Dagbladet](#).

The question is also whether there will actually be a need for the area's untapped crude. As prices for renewable energy drop and oil producers from Exxon Mobil Corp. to OPEC hike their forecasts for electric car sales, Big Oil has started talking about crude demand peaking as early as next decade.

While both Prime Minister Erna Solberg and her rival from Labor, Jonas Gahr Store, say Norway needs to become less reliant on oil, they also maintain that petroleum production will continue to play a big part for many years ahead. Production alone still accounts for about 12 percent of the economy, down from more than 20 percent before oil prices crashed in 2014, and the entire industry employs almost 200,000 workers.

The Compromise

Ascendant opponents such as the Green Party, which looks set to gain more seats in parliament next month, and environmental groups say Norway needs to start to phase out its oil industry, arguing that more production would be a breach to its commitments under the Paris climate accord. Greenpeace is suing the country to get it to stop exploring in the Barents Sea off Norway's northern tip.

In a sign that opponents of drilling are gaining traction, Labor in a "compromise" earlier this year said it would only seek to start an impact study in one of the three areas designated as potential oil blocks off Lofoten. But even such a small move is opposed by the Center Party and the Socialist Left Party, its potential ruling partners after the Sept. 11 vote. Polls show such a coalition would win a clear majority.

Even industry friendly politicians such as Ola Borten Moe, deputy leader of the Center Party, says there's no need to push into Lofoten. "There's more than enough good acreage available," he said in an interview.

But the former oil minister, who was well-liked in the industry, stopped short of presenting Labor with an ultimatum, contrary to the Socialist Left which says it won't lend its support to any government that allows oil activity off Lofoten.

"We will spend political capital on this," Kari Elisabeth Kaski, a member of the party's governing body, said in an interview. "It's an important symbolic issue."

The parliamentary situation is fluid and Labor could potentially seek support to form a coalition from the Christian Democrats and the Liberal Party, two centrist groups that currently support the Conservative-led government. But they also oppose an impact study.

Any government run by Labor or the Conservatives would maintain stable terms for the oil industry, including taxes and acreage awards, even if several smaller parties are pushing for an overhaul of Norway's energy policy.

The price for that may well be that Lofoten is left alone forever.

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