

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Morning Energy
Sent: Fri 6/30/2017 2:06:12 PM
Subject: POLITICO's Morning Energy, presented by Exelon: Trump's energy speech short on bold action — Clean coal backers unfazed by Kemper collapse — Bishop open to another energy bill push

By Anthony Adragna | 06/30/2017 10:00 AM EDT

With help from Eric Wolff, Alex Guillén, Darius Dixon and Esther Whieldon

PROGRAMMING NOTE - Due to the July 4 holiday, Morning Energy will not publish on Monday, July 3 and Tuesday, July 4. Our next Morning Energy will publish on Wednesday, July 5.

ACTIONS CAP ENERGY WEEK: It was a speech heavy on rhetorical flair about U.S. "energy dominance" for President Donald Trump on Thursday, but the six initiatives he touted were decidedly more modest in practice.

1. **'A complete review' of nuclear policy.** Trump said he wants to revive and expand the nuclear energy through a "complete review of U.S. nuclear energy policy." It's not exactly clear what this will entail and the president said he await results of that examination before moving additional policy.

2. **First step toward new offshore drilling plan.** Following through on Interior Secretary Ryan Zinke's May directive, BOEM plans to publish a request for information on the new five-year offshore drilling plan on Monday. Comments will then be accepted for 45 days, and Zinke has said he expects the entire plan writing process will take two or three years. Pro's Esther Whieldon with more [here](#).

3. **Find an opening for overseas coal financing.** Trump vowed his Treasury Department would "address barriers" to financing overseas coal plants, though didn't specify exactly what that would entail. The Obama administration [issued guidance](#) back in 2013 in an effort to pressure multilateral development banks like the World Bank not to fund those sorts of projects, though it wouldn't require much to simply withdraw it.

4. **More LNG exports authorized.** DOE approved two LNG export applications from the Lake Charles LNG facility, a joint venture between Shell and Energy Transfer Equity in Louisiana, to boost deliveries. It authorized an additional 0.33 billion cubic feet per day on top of the 2 Bcf/d in previously approved exports.

5. **Modest Mexican pipeline approved.** The State Department approved permits for the New Burgos Pipeline, which will cross the border near Peñitas, Texas, and can deliver up to 108,000 barrels per day of refined petroleum products. Pro's Nick Juliano with more [here](#). "It'll go right under the wall," Trump said.

6. **Sempra LNG negotiations highlighted.** With the South Korean president in town, Trump highlighted a formal beginning of negotiations with Sempra Energy's to sell U.S. liquefied

natural gas to South Korea.

Not mentioned: Climate change, all-of-the-above, Southern Company's decision to abandon its clean coal efforts at the Kemper plant in Mississippi, solar panels on his border wall, renewable energies, calls to shut down other pipelines - Access Northeast and Enbridge Inc.'s Line 5 (more on that below).

International wish list: Trump's top economic adviser said world leaders such as Indian Prime Minister Narendra Modi are desperate for more U.S. liquefied natural gas exports, Pro's Darius Dixon reports. "It's not because our LNG is cheaper than Russian gas - Russian gas is actually cheaper," National Economic Council Director Gary Cohn said. "But our LNG is guaranteed to show up once you enter into a contract." Cohn said LNG exports would be high on Trump's agenda next week as he stops in Poland before the G-20 summit in Germany.

Quotable: Trump after spotting coal magnate Bob Murray in the room: "He's in great shape, right? You in good shape, Bob? Right from the beginning. Good. You just take care of yourself, all right?" Remember Murray's lawsuit against comedian John Oliver claimed he was dependent on an oxygen tank and "does not expect to see the end of this case."

Fact check: Trump erroneously claimed that after he set in motion the approval of the Dakota Access and Keystone pipelines, "I didn't take any heat. I approved them and that was it. I figured we'd have all sorts of protests. We didn't have anything." In point of fact, hundreds of thousands of people have protested Trump's actions on the pipelines and other environmental matters at multiple marches since he took office. More than 200,000 people alone protested the Trump administration's environmental actions at the Peoples Climate March in late April.

Lawmakers shrug it off: Despite efforts from the White House to build up Energy Week buzz, the impact among senior Hill lawmakers seems minimal. House Energy and Commerce Environment subcommittee Chairman John Shimkus and House Natural Resources Chairman Rob Bishop both said they really hadn't been paying much attention to it, while Senate Energy Chairman Lisa Murkowski - with some exasperation in her voice - quipped to reporters: "The fact that it's actually Energy Week seems to me it might be worth some news coverage." (Murkowski has been getting more questions about health care lately than on the bipartisan energy bill she and Sen. Maria Cantwell just reintroduced.)

WELCOME TO FRIDAY! I'm your host Anthony Adragna, and Duke Energy's Michael Sewell was the first of many of you to identify Strom Thurmond as our nation's oldest serving senator. For today: What two U.S. state capitals have no vowels in common but yet rhyme? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning_Energy](https://twitter.com/Morning_Energy), and [@POLITICOPro](https://twitter.com/POLITICOPro).

CCS FANS SOLDIER ON AFTER KEMPER COLLAPSE: Southern Company's decision to burn natural gas and abandon its dreams of gasified coal and carbon capture at its power plant in Kemper County, Miss., doesn't seem to worry fans of the technology too much. Sen. Heidi Heitkamp told ME Southern Company "had to make an economic decision for their shareholders," but she wasn't worried about the technology. Sen. Sheldon Whitehouse said he

still plans to introduce a bipartisan bill expanding CCS tax credits, but he thinks, in the long run, carbon technologies "only make economic sense if there's a price on carbon." Sen. [Joe Manchin](#) did express some concern over the project's failure and promised to explore the matter over recess. "I'd like to find out what happened," he said.

Apropos of Kemper: A senior aide to Rep. [David McKinley](#) said Kemper "wouldn't change the equation" for carbon capture technology. While President Donald Trump's budget calls for major cuts to DOE's Office of Fossil Energy, where CCS research is funded, the recent appropriation bill introduced would restore most of the office's funding. Energy Secretary Rick Perry has praised Petra Nova, a carbon capture project in his home state, and he will soon visit the Morgantown National Lab, which conducts carbon capture research.

A little history: SoCo's decision would have been a much bigger deal a year ago, when top EPA officials were desperately trying to persuade a skeptical Congress carbon capture was a realistic technology for new coal plants to use to meet limits under a rule limiting CO2 emissions from new power plants. Former Administrator Gina McCarthy repeatedly argued Kemper and a tiny power plant in Canada were living proof that CCS was a viable technology. The new source rule is still there, but no one is building coal power, so the point is kind of moot.

Big Green win: Sierra Club has been fighting the Kemper project for years, calling it "dirty, expensive and unnecessary." Louie Miller, Sierra Club's Mississippi director, said shareholders will bear most if not all of the cost of the gasification and CCS elements, while the NGCC plant will go to ratepayers. "The commission made the right decision here, and it appears from what happened yesterday that the idea of what Kemper was design to do, be a clean coal project, has just had a stake driven through its heart."

REPUBLICAN AG SEEKS ENBRIDGE PIPELINE CLOSURE: Michigan Attorney General Bill Schuette on Thursday [called](#) for a "specific and definite timetable to close" Enbridge's Line 5 dual pipelines that run along the bottom of the Straits of Mackinac. The pipelines, which became operational in 1953, carry light crude oil and natural gas liquids through the waters where Lakes Huron and Michigan meet. Schuette, who is widely expected to run for governor, made his comments after the release of a consultant's [report](#) that suggested the pipelines could operate indefinitely, though the attorney general said he "strongly disagreed" with that view.

John Gauderman, Enbridge's director of operations for the Great Lakes region, defended the pipeline's health, according to the [Associated Press](#). "After more than 60 years in service, Line 5 is in outstanding operating condition because the rigorous maintenance done through the decades...We intend to keep it that way." In a client note, ClearView Energy Partners said continued operation of Line 5 "looks stable for now" and "clarity regarding the line's future prospects may be a year away, if not longer."

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IT'S BEEN AN HONOR: Today is Colette Honorable's last day as a FERC commissioner, ending her two-and-a-half year run at the agency. Her departure leaves acting FERC Chairwoman Cheryl LaFleur as the last person standing at a commission with five leadership seats although the place may filling up after next week's recess. The White House announced plans earlier this week to nominate Rich Glick to succeed Honorable and take a seat at FERC that could keep him there into 2022. But Honorable isn't going far. She plans to stay in the D.C. area but hasn't said what she'll be up to yet.

SENATE STAFF HUDDLE ON DOCUMENT REQUESTS: Staffers with the top Republican and Democrat on the Environment and Public Works Committee huddled with EPA staff, including Chief of Staff Ryan Jackson, this week for a "constructive" meeting about responding to oversight requests, Ranking Member Tom Carper tells ME. "We'll build on that," he said. A Republican EPW aide confirmed the meeting took place.

Nothing's up: Carper also told ME not to read anything into EPW's decision to postpone a host of votes on nominees for a second time on Thursday. He said Chairman John Barrasso's staff opted to delay the votes on two NRC nominees and an EPA pick until July 12 because they "thought there was too much going on."

NOW TAKING BETS: Count Bishop as open to another crack at passing a broad energy bill this year amid Murkowski and Cantwell's renewed push at broad Senate legislation unveiled this week. "Pass it and send it over," the Utah Republican told ME. "I'd be happy to look at it." ICYMI: Here's the text of the new Senate bill and Murkowski's comments on securing floor time.

CAN I HITCH A RIDE? Sen. Tim Scott tells ME that he is still eyeing the must-pass FAA re-authorization legislation as one possible vehicle for his bill that would extend tax credits for nuclear projects. Lawmakers are hoping to get the FAA bill through next month but are running into scheduling complications thanks to ongoing healthcare reform efforts. Asked what his current plans are for advancing his legislation, S. 666, Scott told ME: "Prayer." He went on to say "you know, there's only a couple of vehicles at this point, FAA is one of them, the tax extenders at the end of the year, the tax reform package as well. We're trying to hotline it but I don't think Schumer is allowing us to hotline anything." The House passed a companion version of the nuclear tax bill earlier this month.

TWO NAMES FORMALLY SENT: The White House formally sent the Senate the nominations of Brenda Burman to be commissioner of the Bureau of Reclamation and Douglas Domenech to be an assistant Interior secretary for insular areas Thursday.

MAIL CALL! INFO SOUGHT ON 'SUE AND SETTLE' CHANGES: Five senior House Judiciary and Energy and Commerce Republicans sent a letter to EPA Administrator Scott Pruitt and Attorney General Jeff Sessions requesting a briefing about recent agency changes curtailing the use of "sue and settle" policies. "During the previous administration, EPA entered numerous settlements or consent decrees, a practice known as 'sue and settle,' committing the agency to undertake significant new rulemakings subject to timelines or schedules," the lawmakers wrote.

"We appreciate this change in policy, hope that Attorney General Sessions shares Administrator Pruitt's views, and urge EPA and the Justice Department to develop conforming written guidelines as soon as possible." Reps. [Greg Walden](#), [Bob Goodlatte](#), [Tim Murphy](#), [Tom Marino](#) and [John Shimkus](#) signed the letter.

THIS TIME WE'RE SERIOUS: Attorneys general from 14 states and D.C. say they [plan to sue](#) EPA for not regulating methane emissions from existing oil and gas wells and other industry sources. The agency issued a rule last year covering new wells under Section 111(b) of the Clean Air Act, which in turn triggered a requirement that it write a rule for existing sources too. The Trump administration has paused major portions of that new source rule, and ended an information request that was a first step toward regulating existing wells.

MASSACHUSETTS MOVES FORWARD ON OFFSHORE WIND: The Massachusetts Department of Energy Resources on Thursday issued a [request for proposals](#) between 400 megawatts and 800 megawatts of offshore wind projects. This is the DPU's first move under a law passed last year to arrange for utilities to buy 1,600 megawatts of offshore wind power by 2027. Would-be developers have until July 26 to indicate that they plan to bid for a contract and until Dec. 20 to make their pitch. The team managing the process expects to send negotiated contracts for the DPU's approval by July 31, 2018.

NOW IN TIME FOR ENERGY WEEK! Sen. [Claire McCaskill](#), Homeland Security and Governmental Reform ranking member, sent [a letter](#) Thursday requesting a briefing from DOE on why two companies with past waste and fraud issues - Bechtel National, Inc. and AECOM - were able to form a subsidiary to clean up the Hanford nuclear Waste Treatment Plant. She said the arrangement "raises questions about DOE's ability to conduct oversight" and added she has additional "questions about the impact of this subcontract on performance and costs."

MOVER, SHAKER: Former Kansas Rep. Tim Huelskamp has been named the next president of the Heartland Institute, the libertarian group that argues against the scientific consensus on climate change; he'll succeed long-time president Joseph Bast, who co-founded the organization in 1984.

QUICK HITS

- A New Problem for Keystone XL: Oil Companies Don't Want It. [Wall Street Journal](#).
- Environmentalists, fishing groups file lawsuits to block Delta tunnels plan. [Mercury News](#).
- Pennsylvania gets no seat at the table during White House 'Energy Week' panel. [Pittsburgh Post-Gazette](#).
- Utilities withdraw plan for \$3 billion natural gas pipeline expansion. [Boston Globe](#).
- As Climate Changes, Southern States Will Suffer More Than Others. [New York Times](#).
- Investors slowly start to push climate change up their agenda. [Reuters](#).

THAT'S ALL FOR ME!

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