

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Thur 7/6/2017 9:59:12 AM
Subject: Morning Energy, presented by ExxonMobil: Energy big focus for Trump in Poland — Proposed RFS has something for everyone — Perry tours West Virginia coal site today

By Anthony Adragna | 07/06/2017 05:56 AM EDT

With help from Sara Stefanini, Anca Gurzu and Eric Wolff

TRUMP'S LNG PITCH: President Donald Trump is in Warsaw, Poland, this morning, where he said in a press conference alongside Polish President Andrzej Duda that the U.S. "stands ready to help Poland and other European nations diversify their energy supplies so that you can never be held hostage to a single supplier, or as we sometimes we call it, a monopoly."

Poland received its first shipment of U.S. LNG last month and Trump said there are "many more coming." Asked when more LNG shipments should be expected to arrive in Poland, the U.S. president said the two nations could sign a contract "within the next 15 minutes." Duda, however, pointed out that the contract won't be signed by the Polish and U.S. presidents, but by companies.

Trump later used a meeting of the 12 countries on the Baltic, Adriatic, and Black Seas to make a pitch for U.S. gas exports, saying the U.S. would be a "faithful and dependable partner" in helping the nations achieve energy security. "We are sitting on massive reserves of energy and we are now an exporter of energy, so whenever you need energy just give us a call," he told the Three Seas Initiative conference.

He took another shot at Russia there, though he never mentioned the country by name. "Let me be very clear about one crucial point: The United States will never use energy to coerce your nations, and we cannot allow others to do so. You don't want to have a monopoly or a monopolistic situation," he said.

Thomas Wright, a senior fellow at the Brookings Institution, [writes in POLITICO Agenda](#) the Three Seas meeting is an effort by those nations to figure out how to create the regional infrastructure to reduce their energy dependence on Russia, and that there are hopes for a deal on exports of LNG that could undermine the proposed Nord Stream 2, the controversial German-Russian energy pipeline. Look for Trump to again make the case for U.S. energy dominance and LNG exports during an outdoor speech in Warsaw at about 7:15 a.m. Washington time.

After he finishes up his whirlwind 16 hour-trip to Poland, Trump heads over to Hamburg where he'll meet with German Chancellor Angela Merkel ahead of the two-day G-20 summit that starts Friday. Both leaders held an "extensive" conversation earlier this week on topics including climate change, and Merkel has warned previously that the gathering will "not be easy talks," a not-so-veiled jab at the U.S.

EU reaffirms Paris commitment: The EU will reassure its G-20 partners it "remains steadfastly determined" to implement the Paris Accords and speed up efforts to cut emissions and move

toward green energy, the heads of the European Council and Commission said in a letter to EU heads of state and government Wednesday. For the EU, the Paris deal is a "corner stone" of global efforts to fight climate change and implement the U.N.'s Sustainable Development Goals, and "cannot be renegotiated," Council President Donald Tusk and Commission President Jean-Claude Juncker said. The EU will also support an ambitious joint action plan on climate and energy that was prepared in the run-up to the summit, and welcome further work on green finance and ways to improve resource efficiency.

WELCOME TO THURSDAY! I'm your host Anthony Adragna, and the Bagley Group's Jack Bagley was the first of many to identify Columbia as the state capital that shares its name with a NASA space shuttle. For today: Which state capital shares its name with a tunnel underneath the Hudson River, an American luxury automobile brand, and a DC restaurant? 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).

SOMETHING FOR EVERYONE TO CHEER/WORRY ABOUT RFS PROPOSAL: EPA gave a little bit to everyone when it proposed how much biofuel would go into the nation's fuel system in 2018 on Wednesday. Big RFS backer Iowa Sen. Chuck Grassley called the proposal "a mixed bag" in his statement. Pro's Eric Wolff breaks down who got what.

Ethanol gets...15 billion gallons! All ethanol producers wanted for Independence Day was a continuation of the Obama administration's requirement that 15 billion gallons of ethanol go into the nation's fuel system, and EPA Administrator Scott Pruitt gave it to them. "It's a strong signal to the marketplace, and it reaffirms the commitment the president made on ethanol," Growth Energy's Chris Bliley told ME. Team Ethanol is banking on a major market opening up in China, so a stable domestic market promises to keep it on stable footing.

Oil gets... a 40 million gallon reduction!: Pruitt, a long time ally of the oil industry, made one change since June when the volumes were supposed to go out: Instead of increasing the required volume of advanced biofuels, he decided to cut them by 40 million gallons, reducing the overall amount of biofuel required under the program. Oil interests decided to score that shift (of about four days' worth of gasoline consumption) as a win. "We are pleased the Environmental Protection Agency has, for the first time in the history of the RFS, proposed a reduction in the amount of biofuels that must be used in the U.S.," Chet Thompson, CEO of American Fuel and Petrochemical Manufacturers, said in a statement.

Advanced biofuels get... rocks: Pruitt reduced overall advanced biofuels in 2017, kept advanced biodiesel steady in 2019, and cut by about a quarter the cellulosic ethanol mandate for fuels from agricultural products that have a much smaller carbon footprint. That set off alarm bells for advanced biofuel promoters like Brooke Coleman, who said EPA risked "fumbling the cellulosic ball."

Shadows on the horizon: Eric reports that Pruitt also opened the door to significant changes down the road, launching an analysis for a "reset" of the volumes allowed under the law, asking for comment on imported ethanol and biodiesel, and for an examination of the market for zero percent ethanol.

It's only a proposal: EPA often modifies its proposed volumes when it issues a final rule. Now the agency has until Nov. 30 to take comment and produce a final rule. The clock is ticking.

TAKING THE LONGVIEW: Energy Secretary Rick Perry makes his first official to West Virginia today where he'll tour the 700-megawatt Longview power plant and the National Energy Technology Laboratory in the Morgantown area. But he won't be alone on his tour: West Virginia Sens. [Joe Manchin](#) (D) and [Shelley Moore Capito](#) (R), as well as Rep. [David McKinley](#) (R), are expected to participate as well.

Manchin previewed the visit on West Virginia [radio](#) Tuesday. "We will show him a clean power plant and what it can do and why it works so well with the energy mix that we need," he told MetroNews Talkline with Hoppy Kercheval. Manchin added that while the Trump administration has been "very good on energy, trying to find a pathway forward," the U.S. has "got to be careful to find that balance between the environment and economy. You can't throw caution to the wind with either one." (Discussion occurs around 55:30 mark of the recording [here](#)).

TWO STATES SUE OVER BLM'S METHANE STAY: The attorneys general of California and New Mexico [sued](#) Interior Wednesday over what they said is the "illegal" postponement by BLM earlier in June of certain portions of its methane waste rule. Both states argue the Trump administration violated the Administrative Procedure Act in delaying certain compliance dates associated with the rule indefinitely because the overall regulation had already taken effect in January 2017. The Senate [came up short](#) in its bid to block the regulation using the Congressional Review Act back in May.

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ME FIRST — LAWSUIT FILED FOR NOAA RECORDS: Cause of Action Institute, a non-profit that advocates for limited government, is filing a [lawsuit](#) this morning seeking NOAA guidance on retention of instant messaging records, as well as specific employee communications during an April New England Fishery Management Council meeting. The group argues the agency has failed to adequately respond to two FOIA requests within statutory deadlines. "NOAA appears to have created an internal messaging platform to hide records from public disclosure," Julie Smith, the group's vice president, said in a statement. "Any directive to make certain communications be considered 'off-the-record' clearly violates transparency laws."

ZINKE'S SCHEDULE RELEASED: Glancing through Interior Secretary Ryan Zinke's [calendar](#) shows a bevy of meetings with fossil fuel industry groups and companies, members of Congress and governors, Pro's Esther Whieldon [reports](#). Among the highlights: a half-hour May 22 meeting with officials from the American Petroleum Institute and sessions with nearly a dozen lawmakers, including Senate Environment and Public Works Chairman [John Barrasso](#) (R-Wyo.), House Energy and Commerce Chairman [Greg Walden](#) (R-Ore.). Zinke also met with

Oregon Gov. Kate Brown, a Democrat, and Sens. [Angus King](#) (I-Maine), [Susan Collins](#) (R-Maine) and [Catherine Cortez Masto](#) (D-Nev.), among others.

LCV HITS GOP ON MONUMENT REVIEW: The League of Conservation Voters is launching a \$75,000 campaign across various media, including Snapchat, Instagram and Facebook, urging Republican Sens. [Dean Heller](#), [Jeff Flake](#), [Jim Risch](#) and [Mike Crapo](#) to reject efforts to alter national monuments in their states. Samples of the Instagram and Facebook ads [here](#) and [here](#).

MAIL CALL! GROUPS URGE CLEAN SPENDING BILLS: A broad coalition of 173 groups, including environmental advocates Oceana, Defenders of Wildlife, Clean Water Action and Union of Concerned Scientists, sent [a letter](#) to members of Congress Wednesday urging them to pass spending bills without policy riders. "Contentious poison pill riders are intended to advance the priorities of special interest donors and supporters and should not be included in funding bills," they wrote.

HAPPY BIRTHDAY! The National Renewable Energy Laboratory celebrates its 40th anniversary this week. "Your work shows it's possible to grow our economy and protect natural resources at the same time," Perry [tweeted](#) Wednesday. NREL released [a list](#) of its accomplishments in honor of the anniversary.

SHOULD I STAY OR SHOULD I GO NOW? New York Magazine published [an interesting look](#) from six federal employees, including one from EPA, about how they're handling their duties and whether they've considered leaving in the Trump era. "Kind of surprisingly, nobody has said, 'I can't take it,' and left," the EPA employee involved in research and policy matters said. "I really love my job, and I thought I would just stay. But now that I've started interviewing for stuff, it just feels like, if I don't really sell myself and get out sooner rather than later, I might be stuck." A DOE employee described the situation as "quite depressing" and warned of "hearing about the potential for losing the next generation of scientists and engineers."

EXPLORING CASE STUDIES ON COAL'S DECLINE: The Wilderness Society is out with [a report](#) this morning examining four cases studies of what it says are the social and environmental costs of burning publicly owned coal and why it's unlikely the industry can ever recover. The report looks at the Reid Gardner Generating Station in Nevada, the Valley Power Plant in Milwaukee, the J.T. Deely Station in San Antonio, and C.P. Crane Generating Station in Baltimore. "The reduction in demand for coal from plants like these, coupled with cost competitiveness from alternative forms of energy like solar, wind and natural gas, propels an inevitable decline in coal mining on our public lands," it concludes.

MOVERS, SHAKERS: David Asmus has joined Sidley Austin LLP as co-leaders of the firm's energy practice. He's past president of the Association of International Petroleum Negotiators and a past chair of the Institute for Energy Law. Also joining the firm as a partner is Brian Bradshaw. "Their reputations in the energy field globally bring an important added dimension to our energy practice," Kevin Lewis, co-managing partner of Sidley's Houston office, said in a statement.

QUICK HITS

- Democrat Tackles Climate Change Issues, Defying GOP Leadership. [Scientific American](#).
- Millions in environment settlements could be diverted under Christie's stealth veto. [NorthJersey.com](#).
- Oil pipeline developer ends private security in North Dakota. [AP](#).
- Interior chief: New offshore drilling funds should pay for parks. [The Hill](#).
- Two Nations, One Aquifer: 'I am going to be out of water'. [Albuquerque Journal](#).
- 'There is no way back': China seeks to move away from coal as leaders embrace the science of climate change. [Seattle Times](#).

HAPPENING TODAY

9:00 a.m. — "[Clean Power in Latin America](#)," Inter-American Dialogue, 1155 15th Street NW, Suite 800

THAT'S ALL FOR ME!

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<https://www.politicopro.com/tipsheets/morning-energy/2017/07/energy-large-focus-for-trump-in-poland-023608>

Stories from POLITICO Pro

EPA releases text of proposed biofuel volume mandate [Back](#)

By Eric Wolff | 07/05/2017 05:04 PM EDT

EPA has published its proposed biofuel volume mandate for 2018 under the Renewable Fuel Standard. You can read it [here](#).

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EPA proposes trimming advanced biofuel volumes for 2018 [Back](#)

By Eric Wolff | 07/05/2017 04:09 PM EDT

EPA today proposed reducing its volume mandate for use of advanced biofuels under the Renewable Fuel Standard next year, but kept the requirements for ethanol at the maximum level set under the law.

The agency put the overall 2018 biofuel volume mandate at 19.24 billion gallons, with 15 billion gallons of that in conventional biofuels, or ethanol, and 4.24 billion gallons in advanced biofuels. That put the reduction in advanced fuels at 40 million barrels from the level set for this year.

"Increased fuel security is an important component of the path toward American energy dominance," EPA Administrator Scott Pruitt said in a statement. "We are proposing new volumes consistent with market realities focused on actual production and consumer demand while being cognizant of the challenges that exist in bringing advanced biofuels into the marketplace."

The mandate for cellulosic ethanol, which is included in the advanced biofuel figure, was cut to 228 million gallons, down 23 percent from 2017.

Volumes for advanced biodiesel, also an advanced biofuel, were previously set at 2.1 billion gallons for 2018 and would stay at that level in 2019.

An executive summary attached to the Renewable Volume Obligations said the reduction in advanced biofuels was a move to enhance domestic production at the expense of foreign.

Pruitt also reiterated his promise to get the final rule out by Nov. 30.

WHAT'S NEXT: The agency will take public comment and then try to finalize the rule before the Nov. 30 statutory deadline.

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Pruitt signals new effort to start biofuel rule reset [Back](#)

By Eric Wolff | 07/05/2017 04:28 PM EDT

EPA Administrator Scott Pruitt's announcement laying out the proposed 2018 biofuel volumes today appears to foreshadow a forthcoming shakeup of the Renewable Fuel Standard.

In his statement, Pruitt said that EPA will conduct a technical analysis to "inform a future rule"

for a reset. The RFS allows EPA to reset volumes when targets set in statute are missed by 20 percent or more two years in a row, or by 50 percent in one year. While conventional biofuels — mostly corn-based ethanol — have kept pace with EPA demand, advanced biofuels, such as cellulosic ethanol, have not.

"The Clean Air Act requires EPA to reset volume targets when certain conditions are met. We expect those conditions to be met in the near future, so we are conducting technical analysis now, to inform future reset rules," Pruitt said.

The announcement also said the agency will be "assessing higher levels of ethanol free gasoline," although the announcement did not make clear what that entailed. Opponents of the RFS have argued that gasoline blended with ethanol poses a danger to small engines like lawnmowers, snow mobiles and small boat motors.

EPA is also taking comment to "address concerns" that some RFS obligations are met with imported fuel from Brazil, Argentina and Indonesia. The National Biodiesel Board, a trade association for biodiesel producers, has lodged a trade complaint against Argentina and Indonesia.

The agency will also seek to "bolster" cooperation between EPA and the Commodities Futures Trading Commission to help manage transactions in RFS credits. RFS opponents, notably including Trump adviser Carl Icahn, have complained about fraud in the credits market.

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Senate fails to overturn Obama-era methane rule [Back](#)

By Nick Juliano, Darius Dixon and Ben Lefebvre | 05/10/2017 12:12 PM EDT

Republicans' last chance to block an Obama-era energy rule may have just evaporated into thin air.

The Senate on Wednesday unexpectedly failed to advance a filibuster-proof resolution that would have allowed them to prevent the Interior Department from cracking down on the amount of methane oil and gas companies release from their wells and pipelines. Three Republicans — [John McCain](#), [Lindsey Graham](#) and [Susan Collins](#) — joined all Democrats in blocking the resolution.

Had the vote succeeded, it would have been the 15th time this year that lawmakers deployed the Congressional Review Act to help President Donald Trump erase his predecessor's late-term regulations. The CRA, which had only been used once before this year, gives Congress a short amount of time to block rules completed since about the middle of last year, but that clock runs out on Thursday

The methane resolution narrowly passed the House last February, but John Barrasso, who sponsored the Senate companion, had been unable to round up the votes he needed from his colleagues. It was the only such measure to come to a vote and fail, although Republicans targeted numerous other Obama rules with CRA resolutions that never made it to the floor of either chamber.

For now, the Bureau of Land Management's methane rule remains in place, but Trump has directed his administration to consider repealing it.

"It's disappointing but I'm going to call on the secretary of Interior to withdraw the rule immediately," Barrasso said after the vote.

While Collins and Graham had announced their opposition weeks ago, McCain's vote came as a surprise. Other closely watched GOP moderates, including Jeff Flake (Ariz.) and Dean Heller (Nev.), who are up for reelection next year, backed the resolution. But there was no aisle-crossing from Democrats facing tough races in energy-producing states, such as Heidi Heitkamp and Joe Manchin.

In a statement, McCain said he voted no over concerns that Interior would not be able to rewrite a new version of the rule.

"While I am concerned that the BLM rule may be onerous, passage of the resolution would have prevented the federal government, under any administration, from issuing a rule that is 'similar,' according to the plain reading of the Congressional Review Act," he said.

McCain, who labelled methane emissions an "important public health and air quality issue," called on Interior to "revise and improve the BLM methane rule."

John Hoeven, who had been helping whip votes for the measure, said McCain had told Barrasso Tuesday night that he had concerns with the resolution. But Hoeven said they took a chance, hoping that some undecided Democrats would join them in voting for it.

"We had to go because May 11 — that's the last day we could do it. So, we had to go. ... And we had some Ds that were undecided so we thought we might still get it," Hoeven told reporters after the vote.

Tom Carper, the top Democrat on the Environment and Public Works Committee, said he was not completely surprised by McCain's maverick vote.

"I think the Republican leader was looking at that time running out on the ability to bring up the CRAs and decided to roll the dice," Carper said. "I applaud those who saw the issues as we did and voted with us."

The methane rule adjusts how the government collects royalties for oil and gas extracted from public land to prevent drilling companies from wasting excess gas by flaring it off or venting

methane straight into the atmosphere. Environmentalists and other rule supporters say the rule helps limit emissions of a powerful greenhouse gas and ensures taxpayers get a fair return for oil and gas extracted from public lands, though the energy industry argued that collecting the gas increases costs and could impede oil production.

"While it is disappointing that the Senate did not act to correct the rule more quickly, we look forward to working with the administration on policies that continue our commitment to safely produce the energy that Americans rely on, help consumers, create jobs, strengthen our national security, and protect our environment," said Erik Milito, of the American Petroleum Institute.

Democrats were elated at the resolution's failure.

"Today's vote is a win for American taxpayers, a win for public health and a win for our climate," Ed Markey (D-Mass.) said in a statement. "When it comes to natural gas production on public lands, the oil industry should embrace the slogan 'waste not, want not.' These commonsense rules issued by the Obama administration ensure that we can reduce methane emissions that contribute to climate change and ensure that taxpayers receive their fair share for their precious natural resources."

The Sierra Club and other green groups said they had been surprised by McCain's vote though they had been lobbying the Arizona senator as part of its campaign against the CRA in western states.

"We had high hopes on McCain, given his past history of action on climate change," said Lena Moffitt, director of the group's Dirty Fuels campaign. "But he remained mum" on his vote.

The resolution was briefly hung-up this month by requests from corn-state Republicans for help securing an EPA waiver that would benefit sales of higher-blend ethanol in exchange for their support. But John Thune (R-S.D.) said those lawmakers relented after receiving assurances from leadership.

While the result was disappointing for the oil industry, one lobbyist took solace in the diminished likelihood of an ethanol deal taking shape.

"Looks like we won't have to do the [ethanol waiver] circus at EPW after all," said Stephen Brown, with refining company Tesoro.

Rob Portman, (R-Ohio) another longstanding holdout, surprisingly announced his support for the resolution on Monday, after Secretary Ryan Zinke sent him a letter promising to look for ways to limit methane emissions that would not have as large of an economic impact on the industry. But experts said that reassurance rested on shaky ground given the untested nature of the Congressional Review Act's prohibition on re-issuing regulations that are overturned.

First enacted in 1996, the CRA had been used just once before this year, to block a Clinton-era ergonomics rule in the first year of George W. Bush's presidency. The law prevents agencies from writing new rules that are "substantially the same" as those Congress overturns, but courts

have never tested those limits nor weighed in on how to address a conflicting law telling an agency to write a rule Congress has blocked.

While Congress managed to block 14 Obama regulations so far this year, Democrats took solace in the fact that their last attempt came up short.

Carper plans to thank McCain the next time he sees him.

"He and I served in the Vietnam War together — both Navy veterans," Carper said. "When I see him I'll give him a hug. If not that, a salute."

Alex Guillen, Eric Wolff and Esther Whieldon contributed to this report.

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Zinke in May met with fossil industry, lawmakers [Back](#)

By Esther Whieldon | 07/05/2017 04:52 PM EDT

Interior Secretary Ryan Zinke in May met with fossil fuel industry groups and companies, members of Congress and governors, among others, according to a copy of his [calendar](#) released today.

Zinke on May 22 met for a half an hour in his office with officials from the American Petroleum Institute. Earlier that day, he welcomed representatives of White Stallion Energy Center, a company that in 2013 [abandoned](#) efforts to build a 1,200-megawatt, coal-fired power project in Texas. White Stallion Energy also contributed \$175,000 toward President Donald Trump's inauguration.

With Trump's encouragement, Zinke has taken steps to promote the fossil-fuel industry including by ending the agency's moratorium on new coal leases on federal lands. The calendar item does not say what topics were discussed at both meetings, nor did it list the names of non-agency attendees.

Zinke in May also met or held calls with nearly a dozen U.S. lawmakers and governors, including Senate Environment and Public Works Chairman [John Barrasso \(R-Wyo.\)](#), House Energy and Commerce Chairman [Greg Walden \(R-Ore.\)](#). He also met with Oregon Gov. Kate Brown, a Democrat, and Sens. [Angus King \(I-Maine\)](#), [Susan Collins \(R-Maine\)](#) and [Catherine Cortez Masto \(D-Nev.\)](#), among others.

Zinke met on May 4 with NRA CEO Wayne LaPierre and the gun rights' group's top lobbyist, Chris Cox. Zinke has met with Cox before, including in March, and Zinke spoke in April at the NRA-ILA's leadership forum in Atlanta.

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