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Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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EPA Adds Agents to Guard Pruitt, While Fewer Fighting Crimes

Posted September 12, 2017, 8:27 A.M. ET

By [Renee Schoof](#)

The EPA has 151 federal law enforcement officials working environmental crimes cases—49 short of the number set by a 1990 law—and there is no indication their ranks will increase.

The only uptick in the number of special agents are those who protect Administrator Scott Pruitt around-the-clock, including when he goes home on weekends to Tulsa, Okla. Concerns about criminal division staffing came up in June when the Environmental Protection Agency's enforcement office asked for an exception to a hiring freeze in order to hire more agents for the protective services detail so that it could stop redeploying agents from the crimes beat to cover it, a letter obtained by Bloomberg BNA through a Freedom of Information Act request shows.

“Continuing to utilize other [Office of Criminal Enforcement, Forensics and Training] criminal investigators to help manage this work load is pulling them away from their core mission of investigating environmental crimes in furtherance of the Agency's mission to protect public health and the environment,” Lawrence Starfield, acting assistant administrator for the Office of Enforcement and Compliance, said to the EPA's acting Deputy Administrator Michael Flynn in a June [memo](#).

Flynn signed the memo, indicating approval for hiring the protective services agents, but the number of hires was redacted. The agency told Bloomberg BNA, however, it has 151 agents working on criminal cases, not including those assigned to protect Pruitt, down from 157 last year. The number of the EPA's criminal investigators has been in decline since the early years of the George W. Bush administration and has remained under the 200 minimum set by the 1990 Pollution Prosecution Act since 2004, numbers separately provided by the agency show.

Assistance or Enforcement?

Views differ on the significance of having fewer EPA criminal investigators, depending on whether observers think the agency either should focus more on helping companies comply with

environmental regulations or on pursuing civil or criminal enforcement. Fewer agents typically means fewer environmental cases are pursued. One former EPA official said the number of open criminal investigations was 700 to 800 four years ago, but dropped below 500 cases last year. The declines in workforce and active cases coincide with EPA budget reductions. The EPA had 205 special agents on the environmental crime beat in 2003, the last time this number was at or above 200, the level set in the 1990 law. The number of environmental law enforcement agents dropped to 180 in 2008 at the end of the Bush administration and to 154 in 2015 and 157 in 2016 in the final years of the Obama administration.

Asked if Pruitt believed that 151 EPA special agents were enough, EPA spokeswoman Liz Bowman told Bloomberg BNA in an email that he “is committed to working with law enforcement partners and the Department of Justice to punish criminals. The change in the number of agents has been ongoing since 2003, but has not stopped EPA’s criminal enforcement program from maintaining a conviction rate of over 90 percent.”

Bowman also said she could not say how many agents were guarding Pruitt because that would disclose law enforcement techniques or guidelines, or “could reasonably be expected to endanger the life or physical safety of any individual.”

Pruitt has protection at all times, including when he goes home on weekends to Tulsa. Previous administrators typically did not have around-the-clock security. The memo requesting additional agents for the protection detail did not specify any particular threat, but instead mentioned potential ones such as “fire, natural disasters, active shooters, medical emergencies and disorders caused by civil disobedience.” Flynn signed the memo, indicating his approval.

The EPA’s [Criminal Investigation Division](#) special agents are law enforcement officers who work on major cases and in collaboration with state environmental agencies. EPA special agents investigate the most egregious violations of environmental laws that pose significant threats to health and the environment, such as major discharges of polluted water into rivers or selling fraudulent biodiesel credits in the renewable fuel program.

For a country of 320 million people, “200 agents doesn’t seem like a lot, especially when you consider that most state environmental agencies don’t have a criminal enforcement program,” Eric Schaeffer, a former EPA enforcement chief who now directs the nonprofit Environmental Integrity Project, told Bloomberg BNA.

Former Trump transition team member David Schnare, who earlier worked for the EPA as an environmental attorney, said he was not concerned with the decline.

“The fact is, states don’t do [environmental] criminal enforcement very often. But they don’t need to if they do their civil enforcement aggressively, which they do,” he told Bloomberg BNA.

—With assistance from Brian Dabbs.

Exxon Mobil Terminal Can’t Withstand Climate Impacts, Judge Told

Posted September 12, 2017, 03:27 P.M. ET

By [Adrienne Appel](#)

An Exxon Mobil terminal in Massachusetts can’t withstand heavy rains and storms resulting from climate change, environmentalists argued Tuesday in federal court.

The Conservation Law Foundation filed the first-in-the-nation suit in 2016, alleging an Exxon Mobil oil and gas storage facility on the banks of the Mystic and Island End rivers in Everett, Mass., has not been sufficiently upgraded to handle climate change's impacts.

"This is about rainwater runoff" as a result of storms that could send byproducts of fuel oil, gasoline and other chemicals from Exxon's facility into the Mystic River, Allan Kanner, attorney with Kanner & Whitely, told U.S. District Judge Mark Wolf in arguing on the foundation's behalf.

Wolf said he hopes to decide whether to dismiss the case by Tuesday's close of arguments.

Exxon's lawyer, Daniel Toal of Paul|Weiss, told Wolf the foundation's claims lack merit.

"We engineer all our facilities to withstand extreme weather events, regardless of the cause," Toal said.

Energy Industries Team Up to Fight Proposed Offshore Wind Ban

Posted September 12, 2017, 02:28 P.M. ET

By [Brian Dabbs](#)

Big oil representatives are banding together to protect offshore wind leaseholders in Maryland from a proposed ban on projects off its coast.

The House Environmental Protection Agency and Interior Department spending [bill](#), which is part of a sprawling package of spending bills, is being debated on the House floor with language to ban offshore wind projects within 25 nautical miles (27.6 miles) off the Maryland coast.

Groups that represent the oil and wind industries, including the National Ocean Industries Association and the U.S. Chamber of Commerce, are pushing back, arguing the bill would jeopardize investment and ding regulatory certainty.

The legislation poses a threat to the fledgling U.S. offshore wind industry.

"All oil members are concerned about the precedent set," Tim Charters, chief lobbyist at the National Ocean Industries Association, told Bloomberg BNA. "If you want to drive investment in the United States in our energy sectors, you have to give those investors who are putting billions of dollars on the line the confidence that they have a good partner in the U.S. government."

The Maryland Public Service Commission approved and subsidized offshore projects by U.S. Wind Inc. and Skipjack Offshore Energy LLC in May. Both projects fall within the proposed 24-mile ban. The Interior Department still has to approve the projects. The appropriations language—offered by Rep. Andy Harris (R-Md.)—would prohibit that.

Christopher Guith, a senior vice president for policy at the U.S. Chamber of Commerce's Energy Institute, told Bloomberg BNA that his group opposes the language in the ban as it restricts the development of a certain technology.

But the fate of the larger package so far is unclear. President Donald Trump has vowed to support a short-term continuing resolution, as federal funding expires at the end of the month.

Furniture Industry Has Grave Concerns Over EPA Solvent Ban

Posted September 12, 2017, 03:44 P.M. ET

By [Adrienne Appel](#)

The furniture industry would be destroyed if the Environmental Protection Agency enacts a broad ban of a common paint-stripping chemical, business owners told the agency Sept. 12.

The EPA issued a proposed rule in January to ban most commercial and household uses of the solvent methylene chloride because tests show it is a liver toxin and may cause lung cancer. However, the agency exempted furniture refinishers from the proposal, saying that it wanted to take more time to learn about the impact that a ban or restriction of the chemical would have on the industry.

On Sept. 12, the EPA held a methylene chloride workshop in Boston and heard directly from small businesses. The workshop focused on possible alternative chemicals that commercial refinishers could use instead of methylene chloride, along with best practices. “It would put us out of business,” Debbie Towle, owner of Master Furniture Refinishing & Woodworking, in Needham, Mass., told Bloomberg BNA.

An office of the Small Business Administration—whose job it is to protect small businesses from government regulations considered burdensome—urged the EPA to consider the concerns of furniture refinishers.

David Rostker, assistant chief counsel for the SBA Office of Advocacy, said he hoped that if good alternatives aren’t available, the “EPA would decide that its actions can have a significant effect on small businesses,” Rostker told Bloomberg BNA at the meeting.

Utility-Scale Solar Hits Cost Goal, Focus Turns to Reliability

Posted September 12, 2017, 02:25 P.M. ET

By [Rebecca Kern](#)

The solar industry has met the Energy Department’s goal to reduce the average price of utility-scale solar to 6 cents per kilowatt-hour—three years ahead of the agency’s 2020 target.

The solar industry also has made heavy gains in reducing the costs for residential and commercial solar, according to a Sept. 12 [report](#) from the Energy Department’s National Renewable Energy Laboratory on its SunShot Initiative. The industry is 86 percent of the way toward the target reduction of the average cost of residential PV and 89 percent toward the cost of commercial solar PV, the report said. The Energy Department continues to aim for further price reduction while also focusing efforts on solar’s reliability and resiliency, offering \$82 million in funding for research and development into new technologies.

The SunShot Initiative was launched in 2011 with the aim of making solar cost-competitive with fossil fuels. It was an ambition intended to be reminiscent of President John F. Kennedy’s 1961 “Moon Shot” program to put a man on the moon.

Utility-scale solar dropped from 28 cents per kilowatt-hour in 2010 to 6 cents in 2017, which was the 2020 goal. Residential and commercial solar costs dropped from 52 cents and 40 cents per kilowatt-hour in 2010 to 16 and 11 cents, respectively, in 2017. The goal is to drop to 10 cents and 8 cents, respectively, by 2020.

The next challenge is to cut prices in half again, from the 2020 goal, for utility, residential, and commercial PV systems by 2030.

“It is of tremendous significance because it really shows that, with government and with industry holding hands, they’re able to make solar highly competitive with traditional fossil-fuel-based electricity generation. And not only competitive, but competitive earlier than anyone forecasted,” Ben Gallagher, a solar analyst at GTM Research, told Bloomberg BNA Sept. 12.

Improved Technology, Material

Technology innovation in solar modules and increased efficiency due to better material quality and design have been the primary drivers of the dramatic cost reductions in solar photovoltaic systems.

SunShot has awarded \$1 billion in funding to corporations such as General Electric Corp., academic institutions such as the Massachusetts Institute of Technology, and national laboratories. The money has been used to devise ways to lower the costs of hardware and costs associated with the integration of solar panels to the electric grid.

“The point of these goals is to further the overall focus on affordable and reliable energy,” Daniel Simmons, the acting assistant secretary of the Energy Department’s Office of Energy Efficiency and Renewable Energy, told Bloomberg BNA in a phone interview Sept. 11. “We want to be focused on devoting our resources to early stage research and development.”

Continuing to lower the costs of PV solar systems is like facing a limbo bar and “it gets progressively more difficult to slide under that limbo bar without falling backwards,” Charlie Gay, director of the Energy Department’s solar energy technologies office and leader of the Sunshot Initiative, told Bloomberg BNA. But he’s optimistic. “I have been working in solar for 43 years, and I continue to see a lot of opportunities that will enable us to keep moving and lowering that limbo bar.”

\$82 Million to Improve Reliability, Resiliency

As part of the early stage research and development push, the department is offering \$82 million in new funding opportunities from the Solar Energy Technologies Office, where the SunShot Initiative is housed, according to a Sept. 12 announcement at Solar Power International in Las Vegas, the largest solar industry event in North America. The funding includes up to \$62 million focused on Concentrating Solar Power technologies, which can store solar energy to be used to produce electricity when the sun isn’t shining, and up to \$20 million to advance power electronics technologies, which can protect against physical and cyber threats to the grid. The awardees will have to contribute 20 percent of their own funding to the overall project budget. Dan Whitten, vice president of communications for the Solar Energy Industries Association, the trade group that represents the solar industry, told Bloomberg BNA that SunShot has advanced “all manner of innovations along with industry that have improved the solar value proposition dramatically.”

Technology Costs Driving Reductions

James Evans, renewable energy analyst at Bloomberg Intelligence said that reaching the utility-scale solar cost goal was “not entirely unexpected given the dramatic cost declines in equipment over

recent years with average benchmark silicon solar panel costs declining by 35 percent just in 2016 with industrial inverter prices falling around 26 percent in the same period.” However, he told Bloomberg BNA in a Sept. 11 interview, hitting the 2030 SunShot goals would be harder if the U.S. applies trade tariffs on imported solar technologies, which would increase import costs of solar panels. A petition before the U.S. International Trade Commission by Suniva and SolarWorld would apply a trade tariff on certain imported solar technologies.

Addressing ‘Soft’ Costs

While the hardware costs are being lowered significantly, a remaining challenge for continuing to reduce costs of solar systems are the “soft” costs, like labor, permitting, interconnection, customer acquisition, financing and grid integration. These soft costs are more associated with rooftop solar systems that occur in the residential and commercial solar sectors. SunShot Director Gay said that SunShot will continue to work with industry to help lower these costs. Efforts include helping to standardize and harmonize local building codes and funding for solar worker training. “We definitely want to reduce red tape to promote economic growth,” EERE’s Simmons said.

Canadian Potash Producers Guided on Emissions Monitoring

Posted September 12, 2017, 12:44 P.M. ET

By [Peter Menyasz](#)

Fertilizer and animal feed companies in Canada should monitor and report particulate matter emissions from their production as the world’s largest supplier of potash cracks down on pollution.

The [voluntary guidance](#) does not supplant existing particulate matter regulations for the potash industry, but is instead intended to aid companies such as Potash Corporation of Saskatchewan Inc. (PotashCorp), Mosaic Co., and Agrium Inc. in meeting the pollution limits, the Canadian government said.

Potash can describe several minerals and manufactured chemicals containing potassium, a basic nutrient for plants that is commonly used in fertilizers. Canada boasts half the world’s potash reserves.

Manufacturers praised the Canadian government for cooperating with the industry as it developed the 15 recommendations for best practices to limit particulate matter emissions, which were unveiled Sept. 9.

“It looks like the government listened,” Clyde Graham, senior vice-president of industry group Fertilizer Canada, told Bloomberg BNA.

Meeting the recommendations won’t impose costs on Saskatchewan’s potash producers, who have spent some C\$18 billion (\$15 billion) over the past 10 years modernizing their operations and bringing their equipment “up to snuff,” he said.

Potash facilities produced between 785 to 1,643 metric tons of particulate matter per year between the 2008 and 2010, representing 1.8 percent of total Canadian industrial emissions of the pollutant, the government said.

The code calls for the potash producers to conduct performance reviews every six to 12 months, depending on the process involved, and to report annually their total emissions of fine particulate

matter, starting June 1, 2018.

There are currently 10 potash facilities operating in Canada, all located in Saskatchewan, the government said.

Tyson, Cargill Trail Nestle on Water Conservation, Study Shows

Posted September 12, 2017, 9:36 A.M. ET

By Shruti Date Singh

Agricultural giants such as Cargill Inc. and Tyson Foods Inc. are trailing their counterparts and customers in the food and beverage industries when it comes to using, tracking and conserving water, according to a report from a climate-change researcher.

Climate change makes water “one of the biggest risks to the \$5 trillion food industry,” non-profit organization Ceres said in a Sept. 12 statement. Even amid the threat, more than a third of publicly traded companies analyzed made no mention of climate-related water risks in their most recent annual securities filings, the researcher said.

“Companies that have the closest links to farmers are doing the least,” said Brooke Barton, senior director of Ceres’ water and food program and a co-author of the report, which assessed responses to risks, security, management and efficient use related to water. Some corporations still behave as if water is “unlimited,” Barton said in a telephone interview.

Even though the agriculture industry is extremely dependent on natural resources including water and arable land, packaged-food and beverage companies such as Nestle SA and Coca-Cola Co. scored far higher than Cargill, Archer-Daniels-Midland Co. and Tyson in the Ceres study. The researcher made assessments based on publicly available information and disclosures before March 16.

Out of a possible 100 points, Nestle ranked the highest with a score of 82. Cargill, the largest closely-held U.S. company with operations ranging from grain handling to beef processing, got 17, according to the report. Tyson, the biggest U.S. meat processor, got 11 and JBS SA unit Pilgrim’s Pride Corp. received a score of 1.

Heightened risks from climate change are rippling through the agriculture industry. Extreme weather gyrations have led to devastating global droughts in recent years and farmers have also battled increasingly intense hurricanes and other storms. Consumers are demanding that corporations pay more attention to sustainability efforts, and many companies, including meat and crop processors, are at a “tipping point,” Barton said.

In response to questions about the report, Minneapolis-based Cargill cited information on its website about efforts to better use fertilizers to reduce runoff, and how the company has improved water efficiency by 12 percent between 2005 and 2015. Earlier this year, Springdale, Arkansas-based Tyson began the installation of measuring and monitoring equipment at its U.S. plants to better manage water use, spokeswoman Caroline Ahn said in an email Monday.

Perdue Farms Inc., a closely held U.S. chicken processor, said it should have scored higher in the report, but Ceres didn’t reach out for details and instead relied on public information, said Steve Levitsky, the company’s vice president of sustainability. The company isn’t publicly traded and thus doesn’t regularly disclose internal scorecards in securities filings for water consumption and other

metrics, he said.

A Pilgrim's Pride spokesman didn't respond immediately to an email requesting a comment.

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EU Said to Mull Marking U.K. Carbon Permits in Contingency Plan

Posted September 12, 2017, 12:25 P.M. ET

By *Ewa Krukowska*

The European Commission will propose marking carbon allowances issued by the U.K. as of January 2018 as part of Brexit-related rules to make the world's biggest emissions market resistant to potential supply turmoil.

The commission, the European Union's regulatory arm, will put forward an update to the bloc's regulation on the carbon registry to make distinguishable permits sold by the British government at auctions or given to companies for free from January 2018, according to a person with knowledge of the matter. That regulation will detail how to enact a broad law currently being drafted by EU lawmakers to put limits on the use of U.K. allowances in case Brexit talks fail and the country finds itself out of the bloc's market in 2019.

EU carbon prices lost 6.3 percent in the past two days on concerns the draft Brexit-related law will reduce the willingness of participants to trade with U.K. entities given that the place of issue of emission permits cannot be identified under existing rules. The registry regulation revision planned by the commission would make for easy electronic identification of U.K. carbon permits issued from next year, according to the person, who declined to be identified, citing policy.

The EU carbon market imposes emission quotas on around 12,000 facilities owned by manufacturers and utilities, and forces those that exceed their caps to buy permits from businesses that emit less. It also includes airlines.

Government Auctions

Benchmark contracts in the European cap-and-trade program fell almost 70 percent over the past nine years as an economic crisis cut industrial output and imports of United Nations carbon credits aggravated a surplus of permits. Emitters must hand in allowances to match the previous year's emissions by the end of each April. Allowances are sold at government auctions throughout the year and permits given for free are handed to emitters usually around February each year.

The Brexit-related law currently under discussion in the European Parliament would prevent companies in the EU Emissions Trading System from using for compliance allowances issued by the U.K. from 2018 if the country falls out of the market. It is a contingency plan to avoid a massive sale of allowances originating in the country which would otherwise remain valid even if the nation's emission-reduction obligations under the ETS expire.

The deadline for the EU and the U.K. to iron out a Brexit deal is March 29, 2019, a date that can be extended only if there is unanimous backing by member states. In practice, an agreement would need to be in place three or four months before then to give the EU Parliament enough time to approve it.

Compliance Deadline

There are currently no provisions to safeguard the ETS in case negotiators fail to reach a deal on time and the U.K. suddenly finds itself out of the market, becoming a so-called third country to the EU. With the compliance deadline for 2018 emissions falling in April 2019, in the worst-case scenario the market could be flooded by permits issued or sold by the British government while the country's obligations lapse.

The planned proposal on marking British permits would enable market participants to choose whether they want to include or exclude U.K.-issued allowances in their contracts, according to the person with knowledge of the matter. The date of tabling the proposal is not yet known. Under the EU legal system, implementing measures are proposed after the broad law that requires them has been approved.

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China Solar-Cell Maker Explores Electric Cars With World No. 2

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By [Bloomberg News](#)

Golden Concord Group Ltd., a Chinese energy conglomerate, said it's seeking opportunities in electric vehicles, joining investors like billionaire Li Ka-shing who are pushing into the sector as the government works on a plan to phase out internal-combustion autos.

The company plans to cooperate with Jiangling Motors Group to help reduce risks when entering the industry, President Kou Bingen told Tom Mackenzie in a Bloomberg Television interview in Nanchang, eastern China, on Sept. 9. Jiangling is ranked No. 2 in Bloomberg New Energy Finance's global index of electric vehicle manufacturers.

"New-energy vehicles will definitely be a direction for development in the future," Kou said. Golden Concord is still in discussions with Jiangling Motors and the two can bring their own advantages together for innovation, he said, without elaborating on the specifics.

China, home to the largest car market in the world, is making the most concerted push among major auto-manufacturing nations for the adoption of electric vehicles. The country this month announced it's working on a timeline to phase out combustion-engine vehicles, and is set to unveil a cap-and-trade system for vehicle emissions and fuel economy that will compel automakers to introduce cleaner and more efficient models or pay fines.

The suite of measures come seven years after the government first identified EVs as an emerging industry of strategic importance and codified its importance in the 13th Five-Year Plan in 2016. China surpassed the U.S. in 2015 to become the world's biggest market for new-energy vehicles.

The rising demand for cleaner cars has attracted a raft of startups and established companies to try their hand at auto making. Hong Kong tycoon Li Ka-shing this week agreed to buy an indirect stake in a Japanese maker of electric cars that has plans to license its technology to manufacturers including those in China. He bought a stake in a Chinese electric-van and bus maker in 2015.

For Golden Concord, a push into new-energy vehicles represents an investment in a still-small but growing demand for electricity. The company owns 30 percent of GCL-Poly Energy Holdings Ltd., the world's biggest polysilicon maker. Unit GCL System Integration Technology Co. said in January that it plans to begin making batteries for electric vehicles.

Calls to representatives at Nanchang-based Jiangling Motors weren't answered.

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German Coastal States Urge Merkel to Raise Offshore Wind Targets

Posted September 12, 2017, 8:34 A.M. ET

By [Brian Parkin](#)

Germany's coastal states and cities urged Chancellor Angela Merkel to raise the nation's offshore wind power target to take advantage of the technology's plummeting costs.

Officials from states and cities including Lower Saxony and Hamburg called on Merkel to raise offshore wind capacity in 2030 by at least a third over the 15-gigawatt government cap set in 2014, according to the [Cuxhavener Declaration](#), issued Sept. 11 from the North Sea port located about 380 kilometers (236 miles) northwest of Berlin.

"We are calling for an expansion goal of at least 20 gigawatts in the North Sea and Baltic Sea by 2030 and at least 30 gigawatts by 2035," read the declaration. "In order to avoid impairing further expansion of renewable energy, grid development planning and grid connection capacities have to be adapted accordingly."

Falling offshore wind prices were on display Monday in the U.K., when the government announced winning bids dropped below the cost of building new nuclear power plants. Germany's maiden offshore wind auction in April, in which Dong Energy A/S and EnBW AG bid to build 1.45 gigawatts of capacity without subsidies, underlined how competitive the technology has become, according to the the declaration.

Germany is auctioning just 3 gigawatts of offshore to 2020. Just 1 percent of the North Sea's offshore potential has been tapped to date, Siemens Gamesa Renewable Energy said earlier this year.

North Sea nations need to add the equivalent of one turbine a day in the sea to achieve cost savings from economies of scale and to foster turbine efficiency gains, Siemens Gamesa's Chief Executive Markus Tacke said that month.

The U.K. leads Europe in offshore capacity, installing over 5 gigawatts to date. Germany had installed about 4.1 gigawatts of offshore power by the end of last year and expects the capacity to grow to about 7 gigawatts by 2020. Capacity auctioned this year and in 2018 won't be built before 2025, the Bnetza power regulator said.

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Evian Aims to Deflect Water Criticism by Going Carbon Neutral

Posted September 12, 2017, 8:33 A.M. ET

By Corinne Gretler

Evian aims to become the first major spring water brand to go carbon neutral amid criticism that packaging water from the French Alps and transporting it around the world in plastic bottles causes unnecessary environmental damage.

Danone, the brand's owner, is spending 280 million euros (\$336 million) on the project, according to Chief Executive Officer Emmanuel Faber, who reinaugurated the Evian factory Sept. 12. The site itself is now carbon neutral and is fully powered by renewable sources. Danone aims to offset the pollution caused by transporting Evian water by 2020 as it expands rail transport and promotes biogas.

"I'm aware, and more and more consumers are aware, that transporting water is not ideally what you'd like to do," Faber said in a telephone interview. "If you want to build a model that's sustainable, you need to deal with this reality."

Danone plans to start advertising the carbon-neutral efforts on Evian bottles in the U.S. next year, according to the brand's head, Veronique Penchienati. A few smaller producers such as Icelandic Glacial and Norway's Isklar have claimed the distinction years ago, though they're tiny compared with Evian, which sold 1.8 billion bottles last year.

While so-called sustainable products are increasingly popular, Consumers International, a federation of consumer groups, has criticized the water industry's initiatives, saying they do nothing to provide safe and affordable water to millions of people in developing countries that lack it. Environmental groups say bottling spring water wastes precious resources and creates disincentives for governments to improve tap water.

Faber countered that Evian doesn't do any harm because it's taking water that flows naturally from the mountains near Lake Geneva, rather than underground aquifers. "When it comes to Evian and the water, I don't think there's anything to redeem," he said.

Danone has annual sales of 4.6 billion euros from bottled water, a fifth of its total. Evian is its biggest brand in the product category and its revenue is increasing by a mid- to high-single-digit percentage each year, Faber said. The Evian site has reduced the amount of energy needed to produce 1 liter of water by 23 percent over the past eight years.

The move toward carbon-neutral certification in bottled water follows industry shifts in other products such as chocolate, where Nestle SA, Cadbury and Mars raced each other to switch to sustainably sourced cocoa and damp concerns of child labor in their products.

Danone's move will put pressure on other water brands to follow suit, according to Mathis Wackernagel, CEO of Global Footprint Network, an Oakland, California-based think tank. Still, he questioned whether companies should be emitting carbon to package and ship the product in the first place.

"Often it is environmentally absurd to sell bottled water when tap water is cheaper, better, and far less energy-intensive," Wackernagel said.

To offset transport, one of the biggest issues for the bottled-water business, Danone is switching from roads to rails, operating its own private terminal with trains departing every four hours. Some

60 percent of Evian's production is shipped by train, with Danone seeking to increase that to 80 percent because it reduces carbon emissions by 75 percent, according to Faber.

The yogurt maker also aims to offset carbon emissions by working with farmers in the region of Evian to collect waste for biogas energy. Evian's biggest markets by sales are France, the U.K. and the U.S. To get to its farthest markets, it ships by sea, which Faber said pollutes less than by land.

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Solar Developers Hoarding Panels as Threat of U.S. Tariffs Looms

Posted September 12, 2017, 8:13 A.M. ET

By [Joe Ryan](#) and [Christopher Martin](#)

Solar developers are suspending construction as the looming threat of U.S. import tariffs has driven up prices and spurred hoarding, crippling panel supplies.

"We've had roughly \$500 million worth of work that we've had to put on hold," said Scott Canada, who oversees renewable energy projects for McCarthy Building Cos. of St. Louis. "The supply of panels has just evaporated as everybody is grabbing what they can."

The disruptions date to about May, after bankrupt panel manufacturer Suniva Inc. filed a trade complaint asking for protection from cheap imports. As the case gained steam, developers rushed to stockpile every available panel. The case is currently before the U.S. International Trade Commission and may eventually reach the Oval Office, where President Donald Trump has the authority to impose tariffs.

The crunch is an abrupt reversal for the U.S solar industry, which six months ago was awash with inexpensive panels. Developers say panel prices have swelled by about 40 percent in the past four months, making some projects uneconomical to build. And that's if they're lucky enough to have a supplier at all.

"If you don't have panels lined up for '17 than you aren't going to get them," said Laura Stern, president and co-founder of Nautilus Solar Energy LLC in Summit, New Jersey. "The market is really tight."

Solar manufacturing is dominated by companies in China and elsewhere in Asia, where intense competition and booming output helped drag down global prices more than 50 percent in five years. Those falling prices have been a boon for companies that build solar farms, but they've squeezed panel makers in markets with higher labor costs, including the U.S.

Georgia-based Suniva, which filed its trade case in April, is asking for tariffs that may double the price of panels in the U.S. The ITC has until Sept. 22 to investigate the case and send its findings to Trump, who gets final say.

Panels account for about 40 percent of the cost of solar farms, and even modest price swings can drag a project underwater. Before the Suniva complaint, panels were selling for about 32 cents a watt in the U.S. Now developers say they are paying as much as 45 cents. That drove up the global average price last month by the most in more than two years.

Chinese Demand

Suniva's trade case isn't the only reason for the shortage. China, the world's largest solar market, caught analysts by surprise this year by announcing plans to more than double the nation's total solar capacity by the end of 2020. That's boosted demand in the backyard of the largest panels makers, including JinkoSolar Holding Co., JA Solar Holdings Co. and Trina Solar Ltd.

The supply has grown so thin in the U.S. that companies are reselling panel contracts on the secondary market, said Duncan Frederick of Rosendin Electric Inc., a San Jose, California-based solar contractor that's built more than 2.2 gigawatts.

Still, the current shortage is apt to be short-lived, analysts said. U.S. solar installations are forecast to decline next year, and manufacturers aren't cutting production capacity. Once the Suniva case is resolved, no matter the outcome, panel prices will stabilize.

"This should be behind the industry by the end of the year," said Credit Suisse Group AG analyst Maheep Mandloi.

But for now, the case has roiled the industry and even long-term supply agreements are no guarantee that developers can get panels. Borrego Solar Systems Inc. has been forced to delay projects for months because its suppliers can't deliver equipment on time, said Aaron Hall, president. In other cases, panel makers have pushed to renegotiate contracts to secure higher prices.

"We are struggling hard," Hall said. "We are having to take fewer panels than promised and at higher prices."

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