

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Bloomberg BNA
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Subject: [SPAM] May 24 -- Daily Environment Report - Afternoon Briefing



Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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EPA Seeking New Science Advisers After Departures

Posted May 24, 2017, 10:24 A.M. ET

By [David Schultz](#)

The EPA is looking to fill numerous vacancies on one of its scientific advisory boards after 11 of its members were either dismissed or resigned in protest earlier in May.

The agency is accepting nominations for its Board of Scientific Counselors, a body of outside scientists who advise the Environmental Protection Agency's Office of Research and Development, according to a [notice](#) scheduled to appear in the May 25 Federal Register. It will be accepting nominations through July 21.

The EPA is casting a wide net for nominations for the board. The agency is asking for recommendations of scientists who specialize in dozens of different fields, from toxicology to environmental justice to nanotechnology.

Earlier this month, the EPA declined to renew the terms of nine members of the board, which in turn prompted two additional members to resign. The board's chair, retired University of Minnesota professor Deborah Swackhamer, said at a May 23 House Science subcommittee hearing that she was not given notice that these scientists would no longer be allowed to serve on the committee.

The board's next subcommittee meeting is in August, but Swackhamer questioned whether the agency will be able to fill all of the empty slots by then. She said the EPA will have to review any of its nominees for financial and conflict-of-interest issues, and also review whether the nominees have the basic expertise needed to serve on the board.

Westinghouse Exiting the Nuclear Plant Construction Business

Posted May 23, 2017, 09:20 P.M. ET

By [Rebecca Kern](#)

Westinghouse Electric Co. plans to exit the construction side of the nuclear business, following the company's bankruptcy filing, a company executive told Bloomberg BNA.

"Construction is not our forte, and we certainly have decided from a risk perspective, never to do that again," David Howell, Westinghouse's president of the Americas region, said in an interview May 23 on the sidelines of the Nuclear Energy Assembly annual meeting in Scottsdale, Ariz.

Westinghouse is planning for all of its global businesses to focus on engineering and procurement services, and not offer construction services, Howell said.

Westinghouse filed for Chapter 11 bankruptcy March 29 in the U.S. Bankruptcy Court for the Southern District of New York, following billions of construction cost overruns associated with the build of two nuclear reactors owned by Southern Co. in Georgia and two owned by SCANA Corp. in South Carolina. Westinghouse took over as engineering-procurement-construction contractor of the nuclear plants after it acquired the U.S. nuclear construction contractor CB&I-Stone & Webster in 2015.

Westinghouse is in the process of receiving an \$800 million loan from Apollo Global Management LLC, with approval from the bankruptcy court expected May 24. However, it is barred from using any of the credit for nuclear construction at the plants, Mark Marano, Westinghouse's chief operating officer, told Bloomberg BNA May 23.

Southern Co. has reached an interim agreement until June 3 with Westinghouse to continue construction of the Georgia reactors while the companies finalize and gain approval for a new service pact. Similarly, SCANA Corp. and Santee Cooper, South Carolina's state-owned utility, agreed to an extension of an interim agreement with Westinghouse ensure construction of the reactors through June 26.

Westinghouse expects to file a business plan in bankruptcy court and with a debtor-in-possession financing committee led by Apollo Global Management in July, Howell said. The company expects approval of the plan "some months after," he said.

Westinghouse to Emerge From Bankruptcy Stronger, CEO Says

Posted May 24, 2017, 12:22 P.M. ET

By [Rebecca Kern](#)

Westinghouse Electric Co., which has filed for Chapter 11 bankruptcy, will emerge "quickly, better, stronger," CEO Jose Gutierrez said in his first public speech since the company's filing in a U.S. bankruptcy court in March.

Westinghouse is working with Southern Co. and SCANA Corp., the owners of the Vogtle and V.C. Summer nuclear plants that are under construction in Georgia and South Carolina, respectively, "to find a long-term solution to complete those reactors," Gutierrez said May 24 at the Nuclear Energy Assembly conference in Scottsdale, Ariz.

"We hope that those reactors get built. We hope they do a better job than we did," Gutierrez said.

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Southern District of New York, after experiencing billions of dollars of construction cost overruns associated with the building of the four AP1000 nuclear reactors in Georgia and South Carolina. Westinghouse took over as engineering-procurement-construction contractor of the nuclear plants after it acquired the U.S. nuclear construction contractor CB&I Stone & Webster Inc. in 2015.

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World Bank Sees Batteries as 'Next Frontier' of Climate Spending

Posted May 24, 2017, 10:14 A.M. ET

By [Jessica Shankleman](#)

The World Bank expects stricter rules for clean-energy auctions to spur investment in batteries and other kinds of energy storage, making the industry segment the "next frontier" of climate finance.

Countries including India and Morocco are tightening parameters on renewable power developers to ensure wind and solar farms provide more predictable flows of electricity. That means the intermittent generators increasingly need to invest in energy storage, John Roome, senior director of climate change for the World Bank, said in an interview in London.

The Washington-based development bank sees energy storage as a key technology for its efforts to scale up finance targeted for environmental projects as it moves away from backing mainstream renewable technologies such as solar and wind that are attracting investment on their own, he said.

The World Bank has said its climate financing could increase to as much as \$29 billion a year by 2020, as part of a pledge to raise the share of spending on climate change mitigation and adaptation by one third.

Global battery-making capacity is set to more than double by 2021, reaching 278 gigawatt-hours, up from about 103 gigawatt-hours now, according to Bloomberg New Energy Finance.

Yet the higher costs for batteries now means bids for renewable projects with storage attached will be more expensive, said Roome. The World Bank would work with companies to offer transitional finance to help "blend down" the costs.

The government of Jordan is also considering requiring storage in its upcoming renewable energy auction, said Alzbeta Klein, director for climate business at the bank's International Finance Corp. The battery storage market is still in early development stages, with richer countries such as the U.S. and South Korea, leading the market, she said.

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U.S. Government Launches Probe into Cheap Imported Solar Cells

Posted May 24, 2017, 10:00 A.M. ET

By Joe Ryan

The U.S. government opened an investigation into whether American solar-panel manufacturers are being hobbled by cheap imports, marking the first step in a probe that may lead to import tariffs on photovoltaic components.

The [U.S. International Trade Commission](#) is instituting the probe at the request of Suniva Inc., a bankrupt Georgia-based manufacturer that said it was unable to compete with low-cost solar cells made predominately in China. Officials will conclude by Sept. 22 whether the company had suffered damages, the ITC said in a May 23 notice.

“We are pleased that the Commission has taken this next step and initiated the investigation of this case,” Matt Card, a Suniva executive, said in a statement.

Suniva requested import duties of 40 cents per watt for solar cells produced outside the U.S. and a floor price of 78 cents per watt for panels. The International Trade Commission will do the initial analysis of the complaint; the final decision on whether to back Suniva rests with President Donald Trump.

The case, filed by Suniva in April, has rattled the solar industry. The duties Suniva is requesting are forecast to double the price of panels and may imperil 260,000 jobs, according the Solar Energy Industries Association.

Suniva’s majority owner, Shunfeng International Clean Energy Ltd. of China, has also objected, saying the move is “not in the best interests” of clean energy markets.

“The International Trade Commission’s decision to consider Suniva’s petition for a lifeline could be bad news for hundreds of thousands of American workers in the solar industry and may jeopardize billions of dollars in investment in communities across the country,” SEIA chief executive Abigail Ross Hopper said in a statement. Tariffs and floor prices are “a blunt instrument that would cripple one of the brightest spots in America’s economy.”

Solar installations in the U.S. have soared in recent years, largely because of low-cost panels made in China. Suniva’s largest creditor, SQN Capital Management, required the manufacturer file the trade case as a condition of its Chapter 11 bankruptcy financing.

The ITC said it would take longer than normal to investigate the case, saying it was “extraordinarily complicated.” The agency plans to send a report with its recommendations to the president by Nov. 13.

--With assistance from Jennifer A. Dlouhy.

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Chemical Defender Put in Charge of EPA Unit Overseeing Toxins

Posted May 24, 2017, 8:47 A.M. ET

By Lauren Coleman-Lochner

The U.S. Environmental Protection Agency declared 1-bromopropane dangerous enough to make it one of the first 10 chemicals it scrutinized under an updated federal toxins law.

Nancy Beck disagreed. The EPA's finding, she told a Senate hearing in March, "is not consistent with the best available science." At the time, she represented the American Chemistry Council, an industry group whose members include Dow Chemical Co. and Exxon Mobil Corp.

Now Beck has moved to EPA, where she'll be heading the unit overseeing the toxins law.

President Donald Trump has set up an adversarial dynamic between EPA staff and their new bosses. Trump's administrator, Scott Pruitt, sued the agency over regulations when he was Oklahoma's attorney general. Now comes Beck, who spent five years at the ACC, where she became known as a critic of EPA risk assessments. Beck's task in government will be implementing the Frank R. Lautenberg Chemical Safety for the 21st Century Act, enacted last year after long and contentious negotiations between lawmakers, environmentalists and the industry, to regulate chemicals in commerce.

Industry Lobbying

"It's disappointing, after a bipartisan legislative process that tried to respect the interests of all the parties, that an ACC official with a long history of hostility and a long history of lobbying for the industry is now being put in a position of controlling the policies and decisions of the EPA office responsible for implementing the new law," said Robert Sussman, a former EPA official who serves on the National Academy of Science's environmental science and toxicology board.

The EPA declined to comment. Beck referred a request for comment to the agency, which declined to comment.

"Dr. Beck is a dedicated scientist who brings with her to the agency extensive expertise in chemical management policy," said Scott Openshaw, a spokesman for the ACC.

In her Senate testimony, Beck questioned the research methods that showed 1-bromopropane, used in degreasers and adhesive sprays, puts users at risk for lung cancer and kidney and reproductive harm.

Beck has also criticized the EPA's Integrated Risk Information System, a program that assesses the extent of a chemical's toxicity. In her March testimony, she called the program outdated and reliant upon outmoded and overly conservative methods to weigh risk.

"EPA did not adequately consider study quality" or industry findings when making assessments, producing "overly conservative" estimates of cancer risk, she wrote. The White House's U.S. government budget for fiscal year 2018 cuts EPA funding 31 percent.

Health Risks

"This is a shift in how we define acceptable public health risks in this country," said Thomas Burke, a professor at the Johns Hopkins University Bloomberg School of Public Health in Baltimore and former EPA adviser.

Beck is a respected scientist who fulfilled her role as an advocate for the industry, Burke said. It “remains to be seen” whether she’ll take a different approach as a representative of an agency charged with protecting health and the environment.

Scott Faber, vice president of Government Affairs for the Environmental Working Group, called Beck’s appointment, in an administration that has pledged to drain Washington’s swamp, “the most brazen act of hypocrisy yet. There’s no one who has done more to delay and ultimately deny protection from chemicals linked to cancer than Nancy Beck. Trump’s EPA has completely abdicated its responsibility to keep us safe.”

Beck has worked in government before. She spent almost a decade, until 2012, at the Office of Management and Budget, where she advised the agency on chemical risks and policy.

Politicizing Science

A letter this month to Pruitt, signed by two dozen health and environmental groups, pointed to a report Beck wrote about risk assessment that was withdrawn after the National Academy of Sciences called it “fundamentally flawed.”

While she was at OMB, Beck’s actions were called into question as “potentially politicizing” the agency’s role to review EPA decisions on behalf of the White House and “second-guessing the professional judgment of career risk assessors,” Andy Igrejas, founder of Safer Chemicals Healthy Families, said in the letter.

Beck was front and center in negotiations over revising the 40-year-old toxics regulations signed into law last year, said Andrew Rosenberg, director of the Center for Science and Democracy at the Union of Concerned Scientists. Her former group, the ACC, has pushed back on regulation in the face of what will always be a degree of uncertainty of how substances impact human health, he said.

“If you only restrict when you’re certain, you wouldn’t do anything,” Rosenberg said. “The position at EPA is to protect the public interest.”

--With assistance from Jennifer A. Dlouhy.

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Old Coal Mines Have a Place in the Future of Clean Energy

Posted May 24, 2017, 9:13 A.M. ET

By [Joe Ryan](#)

Ben Chafin sees the future of clean energy in abandoned coal shafts.

The Virginia state senator, whose Appalachian district is pockmarked with empty mines, pushed through legislation in April that encourages companies to transform those tunnels into giant storage devices to hold vast amounts of renewable power.

The idea, which Dominion Energy Inc. has been studying, is to fill mines with water and then use

electricity from wind and solar farms to pump it up to a reservoir on the surface. When utilities need power, operators open floodgates, letting water gush back into turbines on its way down.

“Voila—you have electricity,” said Chafin, a Republican. “These deep mines can act just like a giant battery.”

The technology Chafin is pushing is not new—its first use was for a Swiss hydroelectric plant in 1909. But it wasn’t until the 1960s and 1970s that the technology flourished, mostly to store surplus energy from nuclear plants. It has since been largely ignored—until now. As wind and solar boom, the need for grid-scale alternatives to lithium ion batteries has increased.

Unlike coal and gas generators, wind and solar farms don’t provide a steady flow of electricity—the sun doesn’t always shine and winds kick up and die down, defying forecasts. Giant batteries have long been considered the elusive solution to balancing clean energy’s ebbs and flows, allowing it to be more widely used.

The problem is that lithium ion batteries—the technology used, for instance, in Tesla cars—just can’t be built large enough to get the job done. That’s got developers scouting deep holes in the ground, re-imagining this old technology that relies on little more than gravity and millions of gallons of water.

It remains to be seen whether pumped storage technology will actually work in old mines. Nonetheless, developers from Germany, to the U.K., to the U.S. are giving the idea a try.

High above the sand and sagebrush of southeastern California, a transmission line runs along Interstate 10, connecting solar farms in the Sonoran Desert to Los Angeles. From daybreak to nightfall, that line crackles with electricity as photovoltaic panels soak up the sun. It goes quiet just as millions of people turn on their lights.

“When the sun sets, that line goes empty,” said Steve Lowe, president of Eagle Crest Energy Co. “We want to do something about it.”

Eagle Crest is partnering with NextEra Energy, Inc., the U.S.’s biggest clean energy developer, to build a 1.3 gigawatt, pumped-hydro facility near a sun-baked crossroads named Desert Center. The \$2 billion project, already approved by federal regulators, could stockpile enough electricity to power nearly 1 million homes.

It will utilize two pits left over from a defunct iron-ore mine dug into the side of a mountain. During the day—when solar power floods the grid—pumps will move water to the upper pit, ready for release at night. Lowe estimates it will take six years to build.

For all the talk of lithium ion as the future, pumped hydro is by far the most prevalent form of energy storage in the U.S., accounting for about 97 percent of capacity. There are more than 40 existing facilities nationwide, with a combined capacity of more than 20 gigawatts. That’s enough to power all of New York City for several hours.

“They are the hidden story of the electricity grid,” said Jeff Leahey, deputy executive director of the National Hydropower Association. “But they are not sexy.”

Nor are pumped-hydro facilities easy or quick to build. The technology may be elementary, but it requires just the right spot, with a steep ascent and room for lots of water. Even a small project can

cost \$1 billion, Leahey said. And since almost no one is building nuclear reactors these days, just a handful of pumped-hydro plants have been constructed in the U.S. over the last 25 years.

Renewables may change that.

Amid the stony ridges of Pennsylvania and Maryland, Adam Rousselle, a former transmission-industry executive, has teamed up with his son to create a new company, [Merchant Hydro Developers LLC](#). The pair are like modern-day wildcatters, using a computing mapping system to pinpoint 21 spots on which to build pumped hydro projects adjacent to wind farms. The Rouselles have applied for licenses to build on those sites and are in talks with utilities and potential investors.

Nearly all of their potential building sites are on abandoned strip mines. The advantage, Rousselle said, is that they are already environmentally despoiled.

“You can’t do anything worse to an abandoned mine than what humankind has already done,” said Rousselle, the company’s president.

Back in Virginia, Chafin envisions pumped hydro as an economic shot in the arm for his district. The region, 300 miles (483 kilometers) west of Richmond, has double-digit unemployment. A \$1 billion construction project, Chafin said, could put plenty of miners back to work. His legislation, which takes effect in July, would fast-track the permitting process for pumped hydro in the state’s coal region.

Shoehorning generators into mine shafts won’t be easy, said Rick Miller, who specializes in hydropower for HDR Inc., an engineering and construction company based in Omaha. “Theoretically, you could do it,” Miller said. “But it would be incredibly expensive.”

It’s also unclear whether the mid-Atlantic region needs more electricity. The area is already awash with cheap power, thanks to inexpensive Marcellus shale gas. And the region’s grid manager, PJM Interconnection LLC, recently slashed its 10-year demand outlook.

Chafin, undeterred, believes hydro power could save coal country.

“I’d love to see the coal industry boom again,” he said. “But we need to diversify our economy and get people back to work.”

—With David Ingold.

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Pope Lends Weight to G-7 Push to Bind Trump to Climate Deal

Posted May 24, 2017, 7:30 A.M. ET

By [Margaret Talev](#) and [Lorenzo Totaro](#)

Pope Francis joined an international chorus urging Donald Trump to meet U.S. commitments on climate change in talks at the Vatican May 24.

Francis gave the U.S. president a copy of his 2015 encyclical calling for urgent, drastic cuts in fossil-fuel emissions after a half-hour meeting in his private study.

Francis's choice of gift suggests he is adding his voice to those who are urging Trump not to renege on the Paris accord, which is the cornerstone of global efforts to limit climate change. The Vatican said in a statement that the talks focused on international affairs and the promotion of peace, with particular emphasis on health care, education and immigration.

"Thank you, thank you," Trump told Francis as they shook hands after the meeting. "I won't forget what you said." Trump has said climate change might be a hoax perpetrated by the Chinese.

For his part, Trump gave Francis a special edition of the works of U.S. civil rights leader Martin Luther King.

Trump met with Italian Prime Minister Paolo Gentiloni later on May 24 before he travels to Brussels for a NATO meeting. He'll be back in Italy again on May 26 for talks with Group of Seven leaders in Taormina, Sicily. The world's biggest developed economies are expecting Trump to say whether he'll keep the U.S. in the Paris climate accord during the summit, Germany's environment minister Barbara Hendricks, said May 22.

French President Emmanuel Macron will push Trump over climate during the NATO meeting as part of a coordinated European effort to sway the president, a French government official said May 24, adding that he had expected the pope and Gentiloni also to raise the issue. The official said that the questions over what the U.S. will decide have led to unprecedented uncertainty over what the G-7 will be able to say in its final communique.

Members of the Trump administration have been deadlocked over whether the U.S. should uphold the pact, brokered by nearly 200 nations in 2015. Leaders from Germany, China and other nations have pushed for America to stay.

Pressure has also come from business groups, including 280 investors representing more than \$17 trillion in assets who released a statement May 22 saying climate change must be an "urgent priority" for all G-20 nations. Executives have warned that Trump would put U.S. companies at a disadvantage if he pulled out of the pact.

As the richest nation and the second-largest polluter, U.S. efforts are central to keeping climate change from hitting an irreversible tipping point, unleashing catastrophic floods, droughts and storms, according to researchers. The U.S. has pledged to reduce its emissions by at least 26 percent from 2005 levels under the world's broadest ever environmental agreement.

The meeting at the Vatican was the first between two leaders who have starkly differing views on a range of issues and was arranged at Trump's request. Beyond their disagreements on the environment, Francis wants the world's doors swung open to refugees, while Trump wants fewer of them in America. Income inequality is a serious concern for the pope -- the billionaire president plans to rewrite the U.S. tax code to make the wealthy even richer.

For the president, it's an encounter that may confer some legitimacy as he grapples with a political crisis back home. For Francis, it's a chance to influence a leader who, for all his stumbles, remains the most powerful person in the world.

"There's a whole range of issues on which the pope and Trump differ, but the point of their meeting isn't to forge agreement on them or to change each other's minds," papal biographer Austen Ivereigh said in a telephone interview. "The point is to establish a bond of trust, which they can both call on in the future to further their agendas."

Symbol of Peace

Francis arrived at the courtyard of the Apostolic Palace in a Ford Focus and entered the building through a side entrance. Ten minutes later, the president's motorcade was greeted by Swiss Guards who stood to attention with their halberds and ostrich-plumed helmets. The pope welcomed Trump upstairs in the Sala del Tronetto before the two leaders retired to his private study for a half-hour conversation.

"It was an honor to be with the pope," Trump told reporters later in the morning. "We had a fantastic meeting," he added, without addressing a shouted question on whether they discussed climate change.

As well as the text on environmental protection, which Francis said he's sent to all Roman Catholics, the pope also gave Trump books on family and the joy of the gospel.

"I'll be reading them," the president told him.

He also gave Trump a medal made by a Roman artist depicting an olive. The pope told Trump the olive is a symbol of peace.

"That's so beautiful," the president said. "We can use peace."

--With assistance from John Follain, Alessandra Migliaccio and Helene Fouquet.

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EU Report Tracks Rising Exposure to Natural Hazards

Posted May 24, 2017, 01:54 P.M. ET

By Stephen Gardner

The proportion of the world's population exposed to flood risk increased between 1975 and 2015, while the proportion exposed to tropical cyclone winds fell slightly, according to an atlas of exposure to natural hazards [published](#) May 24 by the European Union's in-house science service, the Joint Research Center.

However, the absolute number of people exposed to all natural hazards has risen because of population growth and the greater concentration of people in urban areas located in at-risk zones, the Atlas of the Human Planet 2017 said. For example, the number of people in areas at risk of floods rose from 520 million in 1975 to 1.04 billion in 2015.

The proportion of the global population facing flood risk rose from 12.7 percent to 14.1 percent, while the proportion at risk of severe or extreme tropical storms declined from 25.2 percent (1.03 billion) to 23.3 percent (1.73 billion), according to the report. Global warming is increasing flood and tropical cyclone risk, with people in Asia facing the greatest threats from these hazards, the report said.

Earthquakes are the natural hazard faced by the greatest proportion of the world's population, with 36.8 percent of people (2.7 billion) currently living in seismic areas, compared to 34.5 percent (1.4

billion) in 1975, the report added.

Better understanding of human exposure to natural hazards is “useful in identifying effective policy actions for more resilient communities,” the report said.

European Chemicals Agency Issues Advisory Nano Guidance

Posted May 24, 2017, 03:17 P.M. ET

By Stephen Gardner

The European Chemicals Agency May 24 published [updated guidance](#) on how companies could provide information on nanomaterials in the registration dossiers they submit in line with the European Union’s REACH chemicals law.

However, the agency emphasized that the guidance should be considered “advisory best practice” rather than formal guidelines, in the wake of a March ruling of its Board of Appeal that the chemicals agency had limited power to request nano-specific substance information from REACH registrants separate from information relating to the bulk form of a chemical.

The extent to which companies should provide nano-specific information in their registration dossiers has been a long-running gray area under REACH (Regulation No. 1907/2006 on the registration, evaluation and authorization of chemicals). In the March ruling, the Board of Appeal annulled a European Chemicals Agency request to a company for information on the substance identity of nano forms of titanium dioxide on the basis that under REACH, companies are “at liberty to give a broad definition” of a substance that covers both its bulk and nano forms.

The advisory guidance said that it “does not aim to give potential registrants advice on how to fulfill their information requirements for the substances they are registering,” but that the submission of nano-specific information was recommended so that REACH registration dossiers address “hazards posed by all possible forms” of a registered chemical.

National Registries

Nanoscale substances can have structures thousands of times smaller than the width of a human hair. The properties of a nanoscale version of a chemical can differ from the same chemical with larger-scale structures.

REACH requires importers and manufacturers of chemicals to file registrations with the European Chemicals Agency as a condition of access to the EU market. The final REACH registration deadline, for the lowest volume and most specialized chemicals, falls on May 31, 2018.

Anthony Bochon, a senior associate with Squire Patton Boggs in Brussels, told Bloomberg BNA May 24 that “nothing obliges companies to provide more information” on nanoengineered chemicals separate from their bulk forms—despite the chemicals agency’s advice.

The agency aimed to “strengthen an EU-coordinated approach” on the gathering of information on nanoengineered chemicals in the context of national initiatives in some EU countries requiring notification of nanomaterial use, Bochon said.

Belgium, Denmark and France have national obligations relating to the notification of nanomaterials

placed on their respective markets, and Sweden is considering a nanomaterial registry, Bochon said.

The countries with nanomaterial registries “have really seized this topic,” highlighting the limited information on nanomaterials collected via REACH registration dossiers, Bochon added.

The European Chemicals Agency has requested clarity from the European Commission, the EU’s executive arm, on the information it can ask from REACH registrants on nanoengineered chemicals.

The commission carried out a consultation in 2013 on how the REACH annexes should be modified to better specify information requirements related to nanoengineered chemicals, but no proposal on the information requirements has appeared.

Icahn Reaps \$60 Million Windfall as Trump Regulations Adviser

Posted May 24, 2017, 8:31 A.M. ET

By [Mario Parker](#)

Government work has paid off handsomely for billionaire Carl Icahn.

CVR Energy Inc., his oil refining company, saved about \$60 million in the first quarter because of expectations that the federal government will ease a regulation involving renewable fuels, securities filings show.

It’s much more than a lucky break. As a “special regulatory adviser” to President Donald Trump, Icahn himself has been advocating the kind of relief that will benefit his company.

Icahn’s cost savings show how the Trump administration has let officials’ outside business interests influence policy decisions. Richard Painter, a University of Minnesota Law School professor and White House ethics counsel under President George W. Bush, calls Icahn’s role “a clear conflict of interest.”

Even before the magnitude of Icahn’s gain was known, a group of U.S. Democratic lawmakers sent a letter to regulators urging them to investigate whether Icahn used his role as adviser to gain unfair trading advantages.

Brandee Stephens, a spokeswoman for Sugar Land, Texas-based CVR declined to comment. Icahn didn’t return several messages left for comment.

Icahn’s windfall results from potential changes in the George W. Bush-era law known as the Renewable Fuel Standard. It requires that billions of gallons of biofuel be added to the nation’s gasoline. Today, about 10 percent of U.S. motor fuel is made from corn, not oil.

Biofuel Mandate

The U.S. Environmental Protection Agency enforces this mandate by requiring refineries and importers to blend in ethanol and other biofuels, or buy credits from those who do the blending. The credits, called renewable identification numbers, or RINs, trade in an over-the-counter market.

CVR’s refineries in Kansas and Oklahoma rely mostly on buying RINs. Icahn has said a spike in the

price of the credits last year had cost the company \$200 million annually. He became an advocate of changing EPA rules so fuel blenders, rather than refiners, face the compliance burden.

On March 9, Icahn said he was betting against the credits by delaying purchases in the expectation their value would fall. It has already been a shrewd wager for CVR, in which Icahn Enterprises LP owns an 82 percent stake. Prices for RINs have dropped 19 percent since Trump's election.

Consider the swing in the cost of the credits at CVR, which spent \$53.5 million in the fourth quarter of 2016 and saw a \$6.4 million benefit in the first quarter, filings show. It wasn't clear why the company reported a gain.

Other refiners such as San Antonio, Texas-based Valero Energy Corp. have benefited, too. A Bloomberg analysis of regulatory filings by eight refiners found they spent \$397 million in the first-quarter on the energy credits, down from \$583 million in the fourth quarter, according to regulatory filings.

Other market forces also may be at work. Refiners have been blending record amounts of ethanol into gasoline this year, so there's speculation that there will be more than enough to meet demand, according to Mark Broadbent, a senior research analyst who covers refiners at Wood Mackenzie in Houston.

The cost savings from the credits make up only part of Icahn's recent winnings from CVR. In the six months since Trump's Nov. 8 election win, the value of Icahn's stake in the Texas refiner has increased by more than \$600 million, to \$1.6 billion.

Icahn said the EPA rules have resulted in an arbitrary transfer of wealth from independent refiners like his, which must buy the credits, to large oil companies and gas-station chains, which sell them.

Todd Becker, chief executive officer of Green Plains Inc., which produces ethanol, said the rules shouldn't be changed "just to satisfy two or three or four companies that may be feeling some pressure."

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U.S. Nuclear Plant Fails at Auction Despite State Assistance

Posted May 24, 2017, 03:22 P.M. ET

By [Jim Polson](#)

Even the promise of state subsidies wasn't enough to help a struggling nuclear power plant in the biggest electricity market emerge a victor in a closely watched auction.

Exelon Corp. said its Quad Cities plant in Illinois didn't clear at the annual auction of capacity rights by PJM Interconnection LLC. It was the first time the grid operator had held a sale since a handful of nuclear reactors in Illinois and New York won subsidies to stay open.

In the run-up to the auction, opponents of subsidies had feared Exelon might undercut rivals in the knowledge that Quad Cities would be a recipient of state aid. With reactors reeling under competition from cheap shale gas and renewables, more states could now face pressure to help out ailing nuclear plants, according to Kit Konolige, a utilities analyst for Bloomberg Intelligence.

“Exelon could make the other argument, that even with the subsidy it wasn’t able to clear,” Konolige said by phone May 24. “That’s how bad its economics were.”

At the auction covering the power market that stretches from Chicago to Washington, payments plunged to a four-year low of \$76.53 a megawatt-day for the year starting June 2020, PJM said in a release May 23.

“Since Quad Cities didn’t clear, it probably had no effect on the auction price,” Konolige said. “You can’t be definitive, because companies don’t disclose their bidding strategies.”

Exelon said the plant has not yet been selected to receive zero-emissions credits under the Future Energy Jobs Act, which is designed to promote a clean energy future for Illinois, and is expected to come into force in June.

“Exelon remains fully committed to keeping the Quad Cities plant open, provided that FEJA’s Zero Emissions Credit program is implemented as expected and provided that Quad Cities is selected to participate,” Joe Dominguez, Exelon’s executive vice president of government and regulatory affairs and public policy, said in a statement.

Exelon’s Three Mile Island station, scene of the worst accident in the history of U.S. commercial nuclear energy, may not be so lucky. After failing to clear at the past three PJM auctions, the plant is at risk of early retirement. It hasn’t made a profit in five years and remains “economically challenged” given the lack of federal or Pennsylvania energy policies that value zero-emissions nuclear power, the company said.

Exelon’s other nuclear plants in PJM cleared in the auction. Oyster Creek didn’t take part, since it’s scheduled to shut in 2019.

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