

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Morning Energy
Sent: Fri 7/28/2017 2:04:44 PM
Subject: POLITICO's Morning Energy, presented by Chevron: Fallout spreads from Zinke's Alaska arm-twist — Energy and Water title clears House — Inhofe shrugs at red team-blue team climate debate

By Anthony Adragna | 07/28/2017 10:00 AM EDT

With help from Esther Whieldon, Ben Lefebvre and Eric Wolff

ALASKA-SIZED FALLOUT FROM ZINKE CALL: Swift pushback continues after Interior Secretary Ryan Zinke threatened repercussions for Alaska's energy priorities in light of Sen. [Lisa Murkowski's](#) vote against taking up Obamacare earlier this week. Two House Democratic ranking members - Energy and Commerce's [Frank Pallone](#) and Natural Resources' [Raul Grijalva](#) - sent requests for investigations into Zinke's actions to [GAO](#) and [Interior's inspector general](#). In addition, the Western Values Project filed a [FOIA request](#) for all records related to Zinke's calls with Murkowski and Alaska Sen. [Dan Sullivan](#), promising to sue for them if they don't get the response within statutory limits.

The White House didn't deny the phone calls occurred with Press Secretary Sarah Huckabee Sanders instead declining to "speak about conversations between Cabinet members and other individuals." But as POLITICO's Elana Schor and Ben Lefebvre [report](#), Sullivan urged his senior senator and the Trump administration return to harmony. "From my perspective, the sooner we can get back to that kind of cooperation between the administration and the chairman of the [energy] committee, the better for Alaska and the better for the country," he told reporters. "I'm not telling Sen. Murkowski anything. I work super closely with Sen. Murkowski, but that's my statement."

Murkowski responds: In [an interview](#) with the Alaska Dispatch News' Erica Martinson (who broke the story), Murkowski confirmed she had a "difficult conversation" with President Donald Trump before the vote and spoke with Zinke, who "shared with me that the president was not pleased" afterwards. But she said she didn't feel pressured at all and didn't feel like her Interior priorities were at risk. "I certainly hope that those in the administration will continue to work with all of us - all of the Alaska delegation - on priorities that are not only important to Alaska, they're important to the country," she said.

Some Republicans said Zinke's pressure wasn't unusual: Sen. [Lindsey Graham](#) said lawmakers feel pressure from the administration all the time. "It won't matter one bit," he told reporters. "I think she's going to do what she likes. If you're in the Senate you get threatened all the time by everybody." And House Natural Resources Chairman [Rob Bishop](#) agreed: "That is not unprecedented, [he] has a right to do that," he told reporters in the Capitol. As Pro's Esther Whieldon [reports](#), Bishop said former Interior Secretary Sally Jewell would call him "complaining about some things that we were doing."

Why this could backfire: Murkowski chairs the Senate Energy and Natural Resources Committee, which controls among other things how quickly Zinke may get personnel in place, and also holds the gavel of the Appropriations subcommittee that oversees Interior's funding.

Also, she's tough as nails and unlikely to be intimidated by anyone. She proved it early this morning, when she joined Sens. [Susan Collins](#) and [John McCain](#) to help Democrats defeat the last-ditch, slimmed-down Obamacare repeal bill, killing the effort for now.

TGIF EVERYBODY! I'm your host Anthony Adragna, and I am officially off to Scotland for my honeymoon today. See you in two weeks! In the meantime, a merry band of very talented energy Pros will fill in for me! Be nice! Theodore M. Pomeroy had the shortest tenure as House speaker (at just a day), but your end-of-the-week trivia is who was our shortest president? Send your tips, energy gossip and comments to Alex Guillén, who returns to the ME captain's chair on Monday, at aguillen@politico.com. Or follow us on Twitter [@alexaguillen](#), [@AnthonyAdragna](#), [@Morning_Energy](#), and [@POLITICOPro](#).

ENERGY AND WATER TITLE CLEARS HOUSE: It will almost certainly be substantially reshaped by the Senate - if not ignored altogether - but House lawmakers passed \$789 billion mini-spending package, [H.R. 3219 \(115\)](#), that included energy and water infrastructure funding, Pro Budget and Appropriations Brief's Sarah Ferris [reports](#). The \$37.6 billion energy and water title includes funding for Yucca Mountain and a rider protecting the Trump administration's withdrawal of the Waters of the U.S. regulation from legal challenges, while zeroing out DOE's ARPA-E program and blocking any new loan guarantees. Senate appropriators [cleared](#) their own \$38.4 billion energy spending package on July 20 with large differences compared to the House version.

The House package came together as centrist Republicans told leadership they would not back a massive 12-bill spending package sought by others in the caucus, POLITICO's Rachael Bade [reports](#). It comes as moderate GOPers are increasingly banding together to undermine leadership as they take from the Freedom Caucus' playbook.

YOUR MOVE, MR. PRESIDENT: The Senate passed a package of sanctions on Russia, Iran, and North Korea by an overwhelming 98-2 margin Thursday, sending it to Trump's desk, POLITICO's Elana Schor [reports](#). The White House has worked hard to avoid taking a clear position on the bill, [H.R. 3364 \(115\)](#), with communications director Anthony Scaramucci telling CNN on Thursday that Trump "may sign the sanctions exactly the way they are, or he may veto the sanctions and negotiate an even tougher deal against the Russians." But Congress has shown they can easily override a veto if Trump elects that path. Remember the sanctions only kick in for energy projects in which a Russian company owns 33 percent or a controlling stake.

A former member of Congress with detailed knowledge of the legislation pointed our colleague Daniel Lippman to a provision of the legislation that the ex-member thinks hasn't gotten enough attention: "A lot of the coverage is about what the bill forces the president to do with the sanctions but what a lot of people are missing is that there is a key discretionary provision [in Section 232] that basically allows the president to avoid meddling in the energy affairs in our European and NATO allies. He can decide to allow to not to punish and not meddle in the affairs of Europe's energy policy ... [and] he actually has discretion to do absolutely nothing. It is not all mandatory language but it does have some discretionary language. And that could be a key provision."

WHERE DO WE GO FROM HERE? White House, Treasury and congressional leaders issued a statement on tax reform Thursday, acknowledging that they were giving up on plans for a border adjustment tax. But the lack of additional details in their six-paragraph statement suggests the GOP's dream of achieving tax reform may be years from completion, POLITICO's Nancy Cook and Aaron Lorenzo [report](#). But Edison Electric Institute President Tom Kuhn applauded the statement and said his organization would work "to find tax reform solutions that will benefit all customers and encourage much-needed investment in critical energy infrastructure by helping to keep the cost of capital as low as possible."

OIL AND GAS INDUSTRY WANTS FULL COURT REVIEW OF METHANE STAY: EPA's stay of the Obama-era methane rule may be headed to the full D.C. Circuit Court of Appeals. EPA had not filed any petition as of the midnight deadline to decide whether and how to appeal the early July ruling striking down Administrator Scott Pruitt's 90-day stay of the methane rule for new oil and gas wells. The court agreed not to order EPA to immediately resume enforcing the regulation, but the judges gave EPA limited time to seek an appeal. While EPA did not file anything on Thursday, a coalition of industry groups did, [requesting](#) an *en banc* review by all 11 judges at the D.C. Circuit. It typically takes the court months even to decide whether to grant *en banc* review, long past the point at which Pruitt's 90-day stay would expire, but the court may speed things up under the circumstances. It's unclear whether the rule will take effect in the meantime, but the three-judge panel indicated it wasn't comfortable letting EPA keep it on hold indefinitely after Pruitt's action was found to be unlawful. The groups argued that the stay should remain in place in the meantime.

INHOFE NOT WILD ABOUT RED-BLUE CLIMATE DEBATE: EPA Administrator Scott Pruitt didn't discuss his plans to hold a red team-blue team public debate on the scientific consensus on climate change with him, but one of his normal allies, Sen. [Jim Inhofe](#), thinks it isn't useful. "I don't think there's anything to be accomplished," he told ME.

HE'S GOING HOME: Energy Secretary Rick Perry will be in Waller, Texas, at 11 a.m. local time today to tour Daikin Texas Technology Park, which manufactures air conditioning equipment. He'll deliver remarks to employees and then hold a brief media availability.

Another unusual tweet: After their press shop blasted out a link to Perry's odd op-ed on Obamacare reform, DOE's official Twitter account [tweeted](#): "In the fight between [@SecretaryPerry](#) and climate scientists - He's winning."

**** A message from Chevron:** When an endangered butterfly was found near a Chevron refinery, we protected the habitat and still plant the only thing they eat-buckwheat. Watch the video: <http://bit.ly/2vFizh5> **

ICAHN GETS BEAT IN RFS CREDITS MARKET: Carl Icahn's CVR Refining lost \$19 million in the second quarter of 2017, and it laid the blame for the loss on spending \$106 million on credits needed to comply with the Renewable Fuel Standard, according to its [income statement](#) released Thursday. Reuters had [reported](#) that Icahn had been holding fewer credits than needed on the expectation that RIN prices would drop, a move that worked in the first part of the year. But prices have jumped from roughly 34 cents a credit to 80 cents a credit, and CVR

took it on the chin. "As I've said many, many times before, RINs continue to be an egregious tax on independent refiners and small retailers," CVR CEO Jack Lipinski said on the earnings call. "RINs prices have been extremely volatile this year, which only proves the fact that RINs market is manipulated...EPA continues to ignore this."

FRACKING RULE'S DAY IN COURT: The Trump administration may be having a hard time convincing appeals court judges to suspend the court case brought by the state of Wyoming over the BLM fracking rule. Lawyers for the administration said in court Thursday in Denver that suspension would help Interior as it works to rescind the rule, which went into place in 2015 but got caught up in a legal battle over BLM's jurisdiction before it took effect. Judges for the U.S. Court of Appeals for the 10th Circuit hearing the argument didn't seem too impressed, however, saying they were wary of ceding court process to another branch of government.

CORTEZ MASTO TO ZINKE: HANDS OFF: Nevada Democratic Sen. Catherine Cortez Masto released a video urging Zinke not to alter the boundaries of two national monuments - Gold Butte and Basin and Range - as he prepares to tour the sites next week. "Secretary Zinke, the people of Nevada have spoken," the first-term senator said. "They don't want their national monuments rescinded."

Zinke's still in New Mexico today where he'll go on a hike with local veterans and then host meetings with the Mescalero Apache, Fort Sill Tribe, and Friends of Organ Mountains Desert Peaks. All are closed press. Then, on Saturday, he'll go for a hike and horseback ride with Democratic Sens. (and outspoken public lands advocates) Tom Udall and Martin Heinrich.

MAIL CALL! OUR ADVICE ON ADVISORY PANELS: Three senior Senate EPW Republicans - John Barrasso, Shelley Moore Capito and Mike Rounds - sent a letter to Pruitt Thursday urging him to revamp past Clean Air Scientific Advisory Committee "practices to make them compliant with the statute." They write the scientific advisory panel has never detailed adverse social, economic, or energy effects stemming from the agency's National Ambient Air Quality Standards program because it has never requested that information. "CASAC must be constituted of experts who can provide independent counsel to you in all of the above areas," the senators wrote.

SECOND TIME'S THE CHARM? The American Fuel & Petrochemical Manufacturers is still worried about sanctions possibly being placed on Venezuela's crude oil exports. The trade association sent a second letter to the White House today asking it to consider the economic impact sanctions of Venezuela's heavy crude would have on U.S. refiners. The White House said earlier this week it would sanction more individuals in President Maduro's regime, but left sanctions on the South American country's oil on the table for the future. "AFPM supports the Administration's goal of bringing stability to Venezuela, but urges you to carefully consider the impact sectoral sanctions will have on U.S. businesses and consumers," the association wrote in its latest letter.

CONSERVATIVES BACK ANTI-SCC BILL: A group of 20 conservative organizations voiced support in a letter Thursday for Transparency and Honesty in Energy Regulations Act, which would halt the use of the social cost of carbon and similar figures in federal regulatory

proceedings. "The problems [with these figures] are too large to ignore, especially since they are being used to justify regulations that make energy more expensive for American families and businesses," the letter, signed by groups including the American Energy Alliance, Competitive Enterprise Institute and Heartland Institute, states.

MORE PRESSURE AGAINST GARRETT: Four senior House Democrats - [Steny Hoyer](#), [Gwen Moore](#), [Maxine Waters](#) and [Denny Heck](#) - sent a [letter](#) Thursday to Senate Banking Chairman [Mike Crapo](#) asking him to join their calls against the nomination of former Rep. Scott Garrett to lead the Export-Import Bank.

MORE THAN 2K WIND MEGAWATTS INSTALLED THIS YEAR: The American Wind Energy Association in a new report said 357 megawatts in new wind projects were brought online the second quarter of this year, bringing the annual total to 2,357 megawatts. There are now 84,405 megawatts of installed wind capacity in the US and another 25,819 megawatts under construction or in advanced development. Power purchase agreements with utilities continued to dominate the scene with more than 1,697 megawatts in new contracts in the second quarter.

SPOTTED: At a Chemistry Caucus event on non-traditional careers in chemistry in the Capitol Visitor Center yesterday, according to a PI tipster: Non-traditional chemists including Rep. [John Moolenaar](#) (R-Mich.), Tracy Caldwell Dyson of NASA, Dana Sedin of New Belgium Brewing Company and Bill Provine of Delaware Innovation Space; Tom Connelly of the American Chemical Society; and Rep. [Dan Lipinski](#) (D-Ill.) (h/t POLITICO Influence).

QUICK HITS

- Group files complaint regarding EPA Administrator Scott Pruitt's travel to Oklahoma. [Fox 25 News, Oklahoma City](#).
- Fertilizers, a Boon to Agriculture, Pose Growing Threat to U.S. Waterways. [New York Times](#).
- U.S. regulators approve VW plan to fix or buy back most emissions-cheating cars. [Los Angeles Times](#).
- Environmentalists Provoke Pipeline Workers To Speak Up. [NPR](#).
- How Climate Change Impacts Congressional Districts Over Next 80 Years. [Roll Call](#).
- Cooper signs solar energy bill despite controversial wind project moratorium. [News & Observer](#).
- Trade case opens door for Trump to upend solar industry. [Houston Chronicle](#).

THAT'S ALL FOR ME!

**** A message from Chevron:** This is a story about DOERS, butterflies, and buckwheat. In '75, the endangered El Segundo Blue butterfly was found near a Chevron refinery. We protected the

habitat and planted the only thing they eat-buckwheat. We're still planting and keeping an eye on our littlest neighbor. Watch the video: <http://bit.ly/2vFizh5> **

To view online:

<http://www.politico.com/tipsheets/morning-energy/2017/07/28/fallout-spreads-from-zinkes-alaskan-strong-arm-221576>

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