

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Morning Energy
Sent: Fri 7/14/2017 2:04:55 PM
Subject: POLITICO's Morning Energy: Trump makes final FERC pick — House Republicans save climate provision in defense bill — No moves yet toward U.S. Paris renegotiation

By Anthony Adragna | 07/14/2017 10:00 AM EDT

FINALLY!: The White House has made official what Pros learned months ago, announcing Thursday night that veteran Jones Day attorney Kevin McIntyre is Trump's pick for FERC chairman, Pro's Darius Dixon reports. The veteran attorney has represented companies across a wide cross-section of the energy industry with Jones Day since early 1994. The announcement should be welcome news for Trump's other two GOP FERC nominees, who have been awaiting confirmation in the Senate since breezing through committee a month ago - not to mention any utilities or pipeline companies with business before FERC. The commission has been unable to do much since it lost its quorum back in February and is now down to just one member.

Buying time: The White House still has to send over McIntyre's nomination paperwork to the Energy and Natural Resources Committee, and it still has not done so for Democratic FERC candidate Rich Glick, whose nomination was announced two weeks ago. Before McIntyre's nomination, FERC-watchers were beginning to worry the paperwork delay would prevent Glick's nomination from advancing before recess. And a day before the announcement, ENR Chairwoman Lisa Murkowski said Majority Leader Mitch McConnell had not promised her floor time for any FERC nominees this work period.

But now that there is an opportunity to restore FERC to full strength - with a Republican majority - we'll see if that situation changes. McConnell announced earlier this week that he was canceling two weeks of recess, which may give the energy committee enough time to process a comprehensive package of FERC nominees, including Glick and McIntyre, so long as the White House can deliver their paperwork soon. Fellow GOP FERC nominees, Neil Chatterjee, a top aide to McConnell, and Pennsylvania regulator Robert Powelson are also waiting in the wings. Trump wants to confirm McIntyre to two consecutive terms, letting him stay at FERC into 2023.

Added pressure: A coalition of 25 groups released a letter Thursday calling on Senate leadership to schedule votes on vacant posts that have left FERC without a quorum for months. "The present lack of a FERC quorum is unnecessarily delaying vitally needed energy infrastructure projects, and is threatening jobs, investments, economic growth, America's environment and our energy security," the letter says. It was signed by groups including the Energy Equipment and Infrastructure Alliance, Associated General Contractors of America and United Association of Journeyman and Apprentices of the Plumbing and Pipe Fitting Industry.

ROVER PIPELINE PROBE COMING: FERC will probe alleged "misstatements" from Energy Transfer Partners associated with its \$4.08 billion Rover natural gas pipeline project, Darius reports. In a one-page Notice of Alleged Violations, the agency said it had "preliminarily determined" that Rover "did not fully and forthrightly disclose all relevant information to the Commission in its Application for a Certificate of Public Convenience and Necessity and attendant filings." In response, the company said "we will continue to work with FERC to

address any remaining" issues.

NOT SO FAST! President Donald Trump may have said "something could happen" on the U.S. negotiating its re-entry into the Paris climate agreement on Thursday in France, but back in D.C. a White House official said there's been no real effort toward that end in the administration, Pro's Eric Wolff [reports](#). "There hasn't been, to my knowledge, any conversations" about reopening the deal, the official told reporters. The president has a few broad ideas about what the country would need to return to the deal, but has not asked for specific changes or provisions.

Meanwhile, Trump misstated key details about a pipeline he approved and said the decision was part of his strategy to undercut Russia, Pro's Ben Lefebvre [reports](#). "Dakota Access takes it to the Pacific," Trump told reporters on Air Force One Wednesday night, according to excerpts released by the White House of what was originally an off-the-record conversation. "Who do they compete with? Russia." That pipeline of course goes nowhere close to the Pacific on its North Dakota-to-Illinois route. Trump also misstated when he revived the Keystone XL pipeline and overstated the number of permanent jobs that would be created from both projects.

Quotable Trump: "There is a very good chance we could do a solar wall. One of the things with the wall is you need transparency. You have to be able to see through it. In other words, if you can't see through that wall - so it could be a steel wall with openings, but you have to have openings because you have to see what's on the other side of the wall."

IT'S FRIDAY EVERYBODY! I'm your host Anthony Adragna, and the Glover Park Group's Hayley Moller was first to identify Lowell, Mass. as the first city to assign individual phone numbers way back in 1879. Your end-of-the-week puzzler: In what state is the lowest zip code in the U.S. and what is it? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#), and [@POLITICOPro](#).

HOLD UP! Sen. [Dean Heller](#) confirmed Thursday he has a hold deputy Energy secretary nominee Dan Brouillette over his support for Yucca Mountain, Pro's Darius Dixon [reports](#). The hold, Heller said, "is to send a message" about a nuclear waste bill [approved](#) 49-4 by the House Energy and Commerce Committee last month, and funding for the project in the House fiscal 2018 energy and water appropriations bill. Asked whether he sought to stop the House bill or get money out of the spending bill, Heller answered, "all of the above."

REPUBLICANS SAVE CLIMATE PROVISION: Bucking their party's normal position on the issue, 46 House Republican joined the entire Democratic caucus to defeat an amendment to the annual defense authorization bill that would've stripped out language directing the Defense Department to prepare for the effects of climate change, Pro's Nick Juliano [reports](#). The section of the bill they decided to keep declares "climate change is a direct threat to the national security of the United States and is impacting stability in areas of the world." Rep. [Scott Perry](#)'s amendment to strip that section failed 185-234. Among those voting against the amendment were Energy and Commerce Chairman [Greg Walden](#) and E&C Energy Subcommittee Chairman [Fred Upton](#). E&C Environment Subcommittee Chairman [John Shimkus](#) backed the amendment, while Natural Resources Chairman [Rob Bishop](#) didn't vote.

House Climate Solutions Caucus Co-chairman Carlos Curbelo, a Florida Republican, hailed the amendment's defeat as a sign of progress on climate change policy solutions. "This is a great step forward for all who accept the reality of climate change and know Congress needs to act to address it," Curbelo said in a statement. "A bipartisan majority of members are on the record saying climate change and sea level rise must be taken into account when planning for our national defense." Environmental advocates expressed relief in the effort's defeat. "Acknowledging climate change as a national security threat is a step, but this Congress has a long way to go and we need real climate action," the League of Conservation Voters said in a statement.

Side note: Earlier in the debate, House lawmakers defeated an amendment prohibiting the Pentagon from entering into new biofuels contracts while the Budget Control Act remains law, Pro Defense's Connor O'Brien reports. Another amendment from Rep. Ken Buck, which would've blocked the purchase of alternative fuels unless they were found to be cost competitive as traditional fuels, also failed on the floor.

METHANE STAY BACK ON! A federal appeals court temporarily granted EPA's request Thursday to place on hold for two weeks key leak requirements under EPA's methane emissions rule for new oil and gas wells, Pro's Alex Guillén reports. The decision by the D.C. Circuit Court of Appeals gives the agency two weeks to decide whether and how to appeal the court's earlier ruling to overturn Administrator Scott Pruitt's 90-day stay of key regulatory requirements. "To stay issuance of the mandate for longer would hand the agency, in all practical effect, the very delay in implementation this panel determined to be" unlawful, the court said in its order.

SANCTIONS BILL THREATENS BP PIPELINE: Lobbyists are pointing to a BP-led natural gas drilling and pipeline project as an example of why they want tweaks to a Russian sanctions package currently stalled in the House, Pro's Ben Lefebvre reports. BP is the lead operator in a \$40 billion project that would take natural gas from a deepwater Shah Deniz gas field near Baku, Azerbaijan, and transport it to Eastern Europe via a South Caucasus Pipeline still under construction. But Russia's Lukoil has a 10 percent stake in the pipeline project, enough to run afoul of the sanctions as currently written. Energy companies want changes to the bill to insulate such projects from the sanctions.

MEADOWS PLEASED BY PRUITT: Count House Freedom Caucus Chairman Mark Meadows among those pleased by what he's seen out of the Scott Pruitt-led EPA. "They're obviously working very hard to make sure the appropriate rules and regulations promulgated by the EPA do one of two things," he told ME. "Either make sure the economy continues to thrive as it should or that it has a fundamental priority for cleaning up our environment. As long as we keep those two primary factors as our main focus and balance those out, I think we'll be in a good place."

FEINSTEIN ENDORSES STATE CAP AND TRADE EXTENSION: Senior California Sen. Dianne Feinstein endorsed efforts by Gov. Jerry Brown and state legislative leaders to extend the state's cap and trade program through 2030. "[The legislation] incentivizes the private sector to reduce its carbon footprint and the revenue generated is used to invest in programs that enable even further emission reductions," she said in a Thursday statement. "As the Trump

administration continues to retreat from our international partnerships, it's more important than ever that California remains a global leader in combating climate change."

Former EPAers too: Obama-era EPA Administrator Gina McCarthy and former Deputy Administrator Bob Perciasepe endorsed the cap-and-trade extension in a letter to the editor in the Los Angeles Times. "A quick and positive vote from the state Legislature to extend its historic cap-and-trade program will be a critical leap forward for our country," they write.

HOW TO FIGHT REGULATORY ROLLBACKS: An all-volunteer, Denver-based group of former EPA employees has released a guide for the public on how regulations are developed and how to participate in the public comment process, while responding to common claims for rolling back rules. "We want to help Americans sound the alarm about the dangerous and counterproductive actions that are being taken, in ways that can help make a difference," Joni Teter, a leader of the Save EPA group, said in a statement.

ALL ABOARD THE CLIMATE ARK! There are now 48 members of the House Climate Solutions Caucus, evenly split among Democrats and Republicans, after Matt Cartwright (D-Pa.) and Leonard Lance (R-N.J.) joined.

NO SUCH THING AS A FREE RIDE: DOE's Office of Fossil Energy improperly paid for an employee's college degree that was unrelated to his job, the agency's inspector general concluded in a report. Then, the employee at question "left the department for work in the private sector shortly after receiving his law degree in May 2013."

SPOTTED: At breakfast at the Four Seasons: former FERC Commissioner Colette Honorable with Itron CEO Philip Mezey and former Sen. Mary Landrieu (D-La.) talking the future of water, gas and electricity; Bill Kristol, Larry Linden, and Alex Flint talking a carbon tax (h/t Playbook).

QUICK HITS

- Christie again blocks attempt to rejoin environmental pact. AP.
- Climate change could make flying even more hellish. Washington Post.
- Magellan Midstream Partners pipeline ruptures in Texas. Reuters.
- Crude Rises for Fourth Day as Global Demand Outlook Improves. Bloomberg.
- U.S. Nuclear Agency Sets Expectations for Los Alamos Contract. AP.

THAT'S ALL FOR ME!

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