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From: Bloomberg BNA
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Subject: Aug. 24 -- Energy and Climate Report - Afternoon Briefing



Energy and Climate Report

Afternoon Briefing - Your Preview of Today's News

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night.

Trump Coal Push May Be Disaster Insurance the Grid Doesn't Need

Posted August 24, 2017, 11:42 A.M. ET

By Tim Loh and Mark Chediak

If all hell breaks loose on the U.S. power grid—a terrorist blows up a key natural gas pipeline, say, in the midst of a frigid winter—how will Americans keep the lights on?

The answer is coal, according to a growing collection of the industry's leaders and lobbyists. Their pitch conveys an image of a nation plunged into darkness as solar farms, wind turbines and plants fueled by gas fail to make up for the loss of coal-fired generation. Though it's a view at least partly supported by a Department of Energy study released late Wednesday, the reality isn't so dire.

Coal companies' pleas for protection come as President Donald Trump vows to make good on campaign promises to support an industry hit by low-cost renewable energy and abundant gas from shale reservoirs. Energy Secretary Rick Perry called in April for his department to investigate whether rising supplies of wind and solar energy are threatening the grid's reliability. The resulting report recommends less stringent environmental rules for coal plants; changes in electricity trading; and easier permitting for coal, nuclear, and hydropower.

Coal plants "play an important role," said David Sandalow, inaugural fellow at Columbia University's Center on Global Energy Policy and a former Energy Department official. "But it would be costly in many ways to get locked into old notions of operating the grid when new technologies are out there."

Grid operators have already been coping with a decline in power from coal-fired plants—most of which are designed to operate around the clock to meet electricity demand—without any major mishaps. Since 2005, 14 percent of America's coal-burning capacity has closed, and 5 percent of the remaining 294 gigawatts is scheduled to shut, according to Bloomberg New Energy Finance. In May, coal generated just 29 percent of America's electricity, about half the share it had when George W. Bush was president.

The Aug. 21 solar eclipse in the U.S. was a litmus test for grid operators. Though the California Independent System Operator said 3,400 megawatts of large-scale solar came off the state's system during the event, that was less than forecast, and there were no significant disruptions to electricity service.

As more wind and solar energy is added to the power mix, new tools including battery storage are helping to smooth the transition. In March, there were 21 states with at least 20 megawatts each of storage projects in service, under construction or proposed, according to GTM Research.

Another approach is “demand response,” in which customers are compensated for altering their power use at various times to bolster a region’s grid reliability. California, which generated 24 percent of its power from wind and solar in May on a net basis, had no major blackouts last year during the shutdown of the Aliso Canyon gas storage field following a leak.

Better Technology

Improved technology, including more sophisticated weather models that can help grid operators predict how much wind and solar supply will be available, also has aided the growth in renewables. And new gas-fired plants that can be ramped up or down quickly to respond to demand changes are being added to the nation’s electricity network. The result is an emerging fleet of smaller power sources that can actually make the grid more stable by reducing the chance of a single massive plant failing, Sandalow said.

“You’re putting all your eggs in one basket,” Sandalow said of relying on a few big generators.

Coal supporters, meanwhile, said America’s growing use of gas and renewables is putting the electricity grid in peril. Gas plants can’t store enough of the fuel on site to guarantee power if trouble strikes, while coal-fired plants can stockpile months of supply, they argued. Coal and nuclear should be “properly compensated to recognize the value they provide to the system,” said Neil Chatterjee, the new chairman of the Federal Energy Regulatory Commission, which helps monitor the nation’s electricity supply.

“Where we’re going with natural gas right now and coal retirements is clearly unprecedented,” said Paul Bailey, chief executive officer of lobby group American Coalition for Clean Coal Electricity. “Solar and wind, we like them, but they’re not going to help maintain a resilient grid right now.”

Coal isn’t immune to supply snags, however. Stockpiles can freeze together in extreme cold, and rail delays can prevent the fuel from reaching plants at all.

While existing technology may allow renewables to account for as much as 50 percent of U.S. power generation, changes to regulation and policy are still needed to make that happen, said Prajit Ghosh, head of Americas power and renewables research at Wood Mackenzie Ltd. in Houston.

Coal’s Push

Coal lobbyists said it’s impossible to predict when the country will be ready to accommodate that much wind and solar energy and, in the meantime, it’s vital to preserve coal-fired power plants. That’s part of the industry’s push to market coal plants as the energy source of last resort, a grid-scale equivalent to the candles people pull out of their closets when the power fails at home.

“The U.S. ought not to mortgage itself up to the hilt by making rash decisions that could very well harm the economy of the U.S. in 10 years,” said Luke Popovich, spokesman for the National Mining Association.

Still, developments in technology and policy are paving the way for wind and solar to gain a larger

share of U.S. power generation in the coming years, Wood Mackenzie's Ghosh said.

"There should be concerns about reliability, how renewables can impact reliability, but it's an optimistic concern," he said. "There are enough solutions which are being currently tested and which in all likelihood could pan out perfectly."

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U.S. Lays Groundwork for Rescuing Coal Plants With Grid Report

Posted August 24, 2017, 7:24 A.M. ET

By Catherine Traywick and Jim Polson

The Energy Department, in a long-anticipated report on the security of the U.S. electric grid, makes the case for rescuing the nation's coal industry from widespread plant shutdowns, but stops short of an assault on renewable power that environmentalists had feared.

The study, commissioned by Energy Secretary Rick Perry who has warned that policies favoring solar and wind may be forcing shut plants and threatening the grid, recommends that the Environmental Protection Agency ease rules on coal plants. It also calls for changes to how wholesale electricity is traded and easier permitting for resources such as coal, nuclear, and hydropower.

The report hands President Donald Trump a plan for fulfilling his campaign promise to revive America's ailing coal industry and put miners back to work. It paints a somewhat grimmer picture of grid security than an earlier draft that concluded the nation's power system is more reliable than ever, in spite of coal plant shutdowns. By contrast, the final report cautions that "market designs may be inadequate" to keep "traditional" power generation online.

"It is apparent that in today's competitive markets certain regulations and subsidies are having a large impact on the functioning of markets, and thereby challenging our power generation mix," Perry said in a statement. "Customers should know that a resilient electric grid does come with a price."

The U.S. power industry has been waiting for the Energy Department to release the study for months. Power generator FirstEnergy Corp. said in April that it wanted to see the results before pressing ahead with a plan to divest money-losing coal and nuclear plants. Rival Exelon Corp., the largest operator of reactors in the U.S., told investors this month that it expected the report to highlight the "critical role" that nuclear plays.

Cheap Gas

The sweeping 181-page report concludes that coal-fired and nuclear power plants are being forced out of business primarily because they can't compete against cheap and abundant natural gas, which is flowing out of U.S. shale formations at a record pace. Policies favoring solar and wind energy also have played a role, the study shows.

It stresses the critical need to preserve coal, nuclear and other baseload plants that continue to produce power when the wind isn't blowing and sun isn't shining. The report argued that even natural gas-fired generators, which rely on pipelines to receive fuel, may be less resilient.

“The more we rely on natural gas, the more we’re relying on fuel that arrives just in time” at a power plant, said Joseph Dominguez, Exelon’s vice president of governmental and regulatory affairs and public policy.

‘Warped View’

Federal regulators are “going to have to value these resilience attributes” of dependable resources, especially coal plants that can store enough fuel on-site to last months, said Paul Bailey, chief executive officer of American Coalition for Clean Coal Electricity. “Coal stacks up really well. Natural gas does OK. Nuclear does pretty well. Renewables don’t do well in some respects and do OK in others.

“You need a coal fleet in order to have a resilient and reliable grid,” Bailey said.

John Shelk, president of the Washington-based Electric Power Supply Association, said ensuring the resilience of the U.S. power grid doesn’t simply mean handing out subsidies for coal and nuclear plants.

“Coal and nuclear want resilience to be a code word to subsidize them when they can’t compete,” said Shelk, whose group represents power generators such as NRG Energy Inc. and Dynegy Inc. that sell their supplies into wholesale markets. “That’s a warped view of resilience. All fuels, technologies and attributes should be considered together.”

Advanced Energy Economy, a group that promotes solar and wind, said the report “seriously overstates” the challenges associated with new energy resources. The American Petroleum Institute meanwhile noted that natural gas is now the source of more electricity in the U.S. than any other fuel and has cut consumers’ energy costs “without government mandates and subsidies.”

One way that the federal government can assist uneconomic coal plants is to compensate baseload plants for the resilience they offer the power grid, according to the report. The authors recommend that the Federal Energy Regulatory Commission, which oversees power markets, study ways in which those reliability attributes can be appropriately valued. That could include the creation of new pricing mechanisms or changing the agency’s approach to energy price formation, the report says.

That recommendation echoes comments recently made by Neil Chatterjee, who was tapped by Trump to temporarily lead the energy commission. Chatterjee said coal-fired plants are a crucial part of America’s energy mix that needed to be “properly compensated to recognize the value they provide.”

The commission is already weighing whether it should redesign market rules to better account for state policies encouraging the use of zero-emissions power. New York and Illinois recently established subsidies for nuclear power and others are considering doing the same.

The “study reaffirms our view that nuclear energy is a key and necessary contributor to a clean, reliable and resilient electric grid, which now is more important than ever,” Nuclear Energy Institute Chief Executive Officer Maria Korsnick said in a statement.

One regulation cited by the report requires coal plant operators to apply for a permit before making substantial upgrades. That requirement “creates an unnecessary burden that discourages rather than encourages” investments, the report says.

Since ordering the study in April, Perry has taken a deliberately hands-off approach and was only briefed on its findings on the morning of Aug. 22, agency officials said. The report was overseen by Travis Fisher, a senior adviser at the department, and Brian McCormack, Perry's chief of staff.

—With assistance from Tim Loh, Jennifer A. Dlouhy and Mark Chediak.

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Trump Helps Spark Biofuel Trade Wars as U.S., Brazil Slap Duties

Posted August 24, 2017, 7:55 A.M. ET

By [Mario Parker](#)

A trade war has erupted in the global biofuels market, threatening to send shockwaves through commodity markets from petroleum to soybean oil.

The latest salvo came from Brazil on August 23 when it decided to institute a 20 percent tax on ethanol imports that exceed an annual cap of 600 million liters (159 million gallons), according to two cabinet members who asked not to be named before the decision was made public. The move came a day after the U.S. Commerce Department proposed duties on biodiesel producers from Indonesia and Argentina, saying they benefit from domestic subsidies.

Shots are being fired amid escalating protectionism from President Donald Trump. The U.S. Commerce Department's action on Argentinian and Indonesian biodiesel may have given Brazil cover to take action on U.S. ethanol, said Jerrod Kitt, an analyst at Linn Associates in Chicago.

Even as the U.S. is trying to act to benefit its own industry, American producers could end up as victims since they ship a significant portion of their product overseas, including to Brazil, their No. 1 customer. China already slapped tariffs on U.S.-made ethanol and an animal feed byproduct earlier this year.

"It could get ugly," Scott Irwin, an agricultural economist at the University of Illinois in Urbana, said in a phone interview. "Everybody intervenes heavily in biofuels."

Crop Markets

The rising tensions are likely to spark a ripple effect in the agriculture markets that underpin biofuels. The U.S. is the world's biggest producer of corn and soybeans, the primary feedstocks for ethanol and biodiesel. Brazil is the largest grower of sugarcane and uses the sweetener to make ethanol. Argentina is the No. 1 soybean oil exporter.

Soybean oil futures traded in Chicago jumped to the highest in more than three weeks on Aug. 23 on speculation the duties on Argentinian biofuel shipments will squeeze domestic supplies. Biofuel credits, used for compliance in a U.S. renewable-fuel quota system, also surged following the Commerce Department's decision.

Brazil's move to tax ethanol imports will probably fall hard on U.S. producers, who sold 255 million gallons to the South American nation this year through May, according to U.S. Energy Information Administration data. That is equal to 42 percent of total exports.

The Renewable Fuels Association, Growth Energy and the U.S. Grains Council—Washington-based trade groups—expressed disappointment on the Brazilian action in an Aug. 23 joint statement.

‘Politics Prevailed’

“Given the tremendous volume of information we provided to Brazil that demonstrated how misguided a tariff would be, it seemed politics prevailed today and Brazilian consumers lost,” the groups said.

Tensions may escalate further from here. Trump has repeatedly scrutinized trade pacts. In an Aug. 22 speech in Phoenix, the president said he thinks the U.S. will pull out of the North American Free Trade Agreement. The U.S. biofuel industry is heavily concentrated in the Midwest, an area Trump has touted as helping to propel him to the White House.

“If this was a normal administration that didn’t focus on” trade as much, it wouldn’t be as impactful, Kitt of Linn Associates said. “I can see him playing to that base.”

--With assistance from Fabiana Batista and Rachel Gamarski.

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Green Power’s Need for Copper Boosts New Mines in Australia

Posted August 24, 2017, 8:42 A.M. ET

By David Stringer and Rishaad Salamat

Copper is shifting to an era of technology-fueled demand growth, according to OZ Minerals Ltd., which will begin work next month on a A\$916 million (\$724 million) mine development in Australia.

The Adelaide-based producer, announced board approval Aug. 24 for the Carrapateena underground mine in South Australia, sees renewable energy, including batteries and solar power projects, overtaking capital equipment and building as the key engine for global demand.

“I like the fact that demand is shifting,” Chief Executive Officer Andrew Cole said in an Aug. 24 Bloomberg Television interview. “It’s being driven as much now by technology as basic infrastructure, and the barrier to entry on new copper mines is very high—it’s just hard to find them.”

Copper markets are poised to benefit as demand expands from renewable power and electric vehicles from the mid-2020s, according to BHP Billiton Ltd., which controls the world’s biggest mine. The electric vehicle market alone could require about 8.5 million metric tons of copper through 2035, the company said in October 2016.

Carrapateena, about 160 kilometers (99 miles) north of Port Augusta, will begin commissioning in the final quarter of 2019, and the site has significant potential for expansion, OZ Minerals said. It will have average annual output of about 65,000 metric tons of copper and 67,000 ounces of gold over about two decades.

Copper faces a persistent deficit from late 2018 to early 2019 on a lack of new projects and depletion of existing mines, according to Jefferies LLC, and miner Antofagasta Plc said this month that the metal's outlook is being boosted by rising demand, including for electric vehicles. Prices are headed for a second annual gain and this week rallied to the highest level in London since late 2014.

"The technological age that we are moving into, the ramp up of batteries, energy storage, electric vehicles, green energy production through solar and wind—all of those things will drive copper pricing," Cole said in the interview.

The producer, which forecasts 2017 copper output of as much as 115,000 tons at its Prominent Hill mine, plans to fund Carrapateena's development from cash, Cole told analysts earlier on a conference call. It previously reported underlying profit rose to A\$80.6 million in the six months to June 30, from A\$55 million a year earlier.

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Philippines Inaugurates 800-Megawatt Solar Manufacturing Plant

Posted August 24, 2017, 8:28 A.M. ET

By [Bloomberg News](#)

Filipino President Rodrigo Duterte inaugurated a manufacturing plant with enough capacity to produce 800 megawatts of solar panels a year.

The factory, expected to reach full production next year, will create 50,000 jobs, its owner, [Solar Philippines](#), said in an Aug. 23 emailed statement.

"The establishment of this state-of-the-art facility in Sto. Tomas, Batangas, is timely and relevant as we address increasing demand for renewable energy," Duterte said in his speech. "It is high time that we begin to establish local solar power."

Although a relative newcomer to solar, the Philippines is getting more serious about the technology. Total installed capacity in the country surged more than fivefold in 2016 from a year earlier and is expected to grow by 14 percent this year, Bloomberg New Energy Finance estimates.

The Batangas factory came online in March with an initial capacity of 200 megawatts, Leandro Leviste, chief executive officer of the company, said by phone Aug. 24.

Solar Philippines entered solar manufacturing after SunPower Corp. shut down two of its factories in the Philippines. The company is partnering with Chinese companies to make solar panels for export to the U.S. and Europe and has begun selling panels to local distributors, it said.

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Energy and Climate Report

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Anna Palmer Jake Sherman Daniel Lippman
Sent: Sat 7/29/2017 3:02:37 PM
Subject: POLITICO Playbook, presented by BP: GOOD MORNING FROM LOS ANGELES -- The REINCE post-mortems -- POTUS complaining about him 'reached a fever pitch' -- PURDUM: 'Why Priebus was destined to fail' -- KELLY seen as a 'beacon of discipline' -- WEEKEND READS

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Today's POLITICO Playbook presented by BP
07/29/2017 10:58 AM EDT

By JAKE SHERMAN (sherman@politico.com; [@JakeSherman](https://twitter.com/JakeSherman)), ANNA PALMER (anna@politico.com; [@apalmerdc](https://twitter.com/apalmerdc)) and DANIEL LIPPMAN (daniel@politico.com; [@dlippman](https://twitter.com/dlippman))

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Driving the Day

Good Saturday morning from Los Angeles! Jake and Anna are going to Politicon today in Pasadena, where we're hosting a panel called Trump and the media. We'll be chatting with Bill Kristol, Jason Miller, Symone Sanders and Jon Lovett.

MILWAUKEE JOURNAL SENTINEL FRONT-PAGE BANNER HEADLINE -- "PRIEBUS IS OUT" <http://bit.ly/2uHH5QZ>

THE END -- THE REINCE POST-MORTEMS...

-- **POLITICO: "Inside the end of the Priebus era:** Trump's chief of staff struggled to assert his authority starting on his first day in the West Wing," by Josh Dawsey and Eliana Johnson: "The unpredictable nature of the information flow in the White House made him uneasy, several administration officials say. He lost his cool when other West Wing staffers knew things that he didn't, and he would call people who had spoken to the president to ask them what Trump had told them. He would run from meeting to meeting trying not to miss anything. He would corner people who criticized him publicly and ask them to stop - but admit the criticisms were close to accurate. ... Trump never seemed to fully trust Priebus ... And he never fully empowered him, softly undermining him by calling him 'Reince-y' and making strange asides, officials said.

"At one point, he told associates that Priebus would make a good car salesman. At another, he mocked him for expressing excitement when he spotted his house from Air Force One, flying over Wisconsin. Trump exacerbated Priebus' status by frequently complaining about him to other staffers and outside advisers ... His press shop was criticized for fighting for protecting Priebus in the press over other staffers and the

president. For some, defending him was just an old habit. One senior administration official even called the communications office's fixation with defending Priebus an 'inappropriate use of government funds.'" <http://politi.co/2uGDjaA>

-- WASHINGTON POST: Phil Rucker, Abby Phillip, Bob Costa and Ashley Parker:

"Trump first tried to offer the chief of staff job to Kelly in mid-May, according to two people familiar with their discussions. Kelly told the president that he was flattered, but declined, saying he still had more to accomplish beefing up national security and improving immigration enforcement. ...

"Allies to Priebus said he told them he had resigned because the internal chaos had become 'unsustainable,' and that he felt demeaned by the president's treatment of him. One friend said Priebus told him he was frustrated that he could not assert control over basic White House functions, such as policy development, communications and even formal announcements ... His exit was described by one Republican strategist as 'the red wedding,' a reference to a mass-murder blood bath episode of HBO's 'Game of Thrones.' ...

"It reached a fever pitch of the president complaining about Reince to all of us,' said one senior White House official ... 'If we heard it once, we heard it 20 times in the last week -- this erosion of confidence. The word was 'weak' -- 'weak,' 'weak,' 'weak.' 'Can't get it done.' ... Trump's demeaning of Priebus came through in other ways, too. At one point, during a meeting in the Oval Office, a fly began buzzing overhead, distracting the president. As the fly continued to circle, Trump summoned his chief of staff and tasked him with killing the insect, according to someone familiar with the incident. (The West Wing has a regular fly problem.) ...

"Inside the White House, Priebus' rivals tried to sow doubts about Priebus' loyalty. Any negative mention of Priebus in a news story -- even a single sentence or mere clause -- would often elicit frantic phone calls from more junior staffers, the sort of vigorous defense in the media the president came to believe was not afforded to him. The impression within the White House -- that Priebus was most concerned with defending his own image -- further undercut his standing with Trump and the president's family." <http://wapo.st/2tLf7Bi>

TOP TWEETS -- @JohnJHarwood: "Ryan-Priebus ally tells me Trump is moving toward 'an independent WH' untethered from the Republican Party" ... **@codykeenan:** "'Hello, Reince? Hey, it's Bob Mueller.'" ... **@maggieNYT:** "Metaphor - Priebus does exit interview w Hannity, who attended dinner w Potus where Priebus was savaged a few nights ago".

NEW SHERIFF IN TOWN -- JOSH DAWSEY and BEN WHITE, "West Wing waits to see if real change is coming": "After months of chaos, President Donald Trump's aides wonder whether Priebus' replacement, Gen. John Kelly, can calm the famously mercurial president and defuse the rivalries among staff": "Senior West Wing officials said they believe Kelly would be far better at imposing some discipline on Trump, who

never much listened to Priebus and even mocked him as 'not a five-star general' to the New York Times. ... Officials said late Friday they hoped Kelly would also have more respect from Trump because of his military background. And they say Trump behaves differently when he's around people he trusts. But they also feared that Kelly possesses limited political instincts-but 'he's now in a very political job,' one White House official said. ...

"White House aides are trying to decide to resuscitate the health care fight later this year, senior officials said. ... What is most frustrating, West Wing officials and advisers say, is that there never seems to be a week that goes without major hiccups or controversies. Hill aides say it is perplexing how much drama the White House can create. 'So much drama every day,' one person said. 'Can you even imagine them having an on-topic press conference and making the headlines they wanted?'" <http://politi.co/2eULgng>

-- **"John Kelly, New Chief of Staff, Is Seen as Beacon of Discipline,"** by NYT's Ron Nixon and Mike Shear: "President Trump frequently referred to John F. Kelly as one of 'my generals,' the three senior military leaders he recruited for his team. On Friday, Mr. Trump decided to see whether Mr. Kelly, a retired four-star Marine Corps general, could impose a new sense of discipline on an unruly and chaotic West Wing. Mr. Kelly, who became a star in Mr. Trump's eyes for overseeing immigration policy as secretary of homeland security, will become the president's second chief of staff. ... The square-jawed Mr. Kelly, the first general to hold the chief of staff position since Alexander M. Haig during the Nixon administration, will be an imposing and strait-laced figure in a West Wing filled with constantly warring aides and advisers, most of whom came to Washington with virtually no experience in federal government before Mr. Trump's victory last year." <http://nyti.ms/2uLYWog>

***** **A message from BP: We sell enough natural gas to meet the daily needs of every home in the U.S.** *Check out what else we're doing across the country.* *****

THE BIG QUESTION -- Will Trump give Kelly the authority to impose discipline on the West Wing, or is this just a rearranging of the deck chairs? Typically, the chief of staff is the sole gatekeeper to the president. So far, Trump has chosen a very different leadership style. Anthony Scaramucci's recent comments that he answers directly to Trump undercut the argument that Kelly will be able to bring order and a chain of command to the administration. Is Kelly really going to be able to put limits on Ivanka Trump and Jared Kushner's interactions with or limit their influence on the president? Will "walk in privileges" to President Trump's office go away?

-- **ALSO** many members of Congress had Priebus as their chief contact in the administration. If they needed something, they went to Reince. At DHS, Kelly was a principal. Now he's an aide. It will be interesting to see how he adapts to that -- and how the Hill adapts to him.

***** **A message from BP: Over the past 10 years, no energy company has**

invested more in the U.S. than BP - \$90 billion in total. Take 60 seconds to see what we're doing to help keep America moving forward. *****

MUSICAL CHAIRS -- "Who will replace Kelly at Homeland Security?" by Ted Hesson and Andrew Restuccia with Daniel Lippman: "Several White House and former DHS officials proffered a slate of names of possible replacements for Kelly, with Texas Rep. Michael McCaul, the Republican chairman of the House Homeland Security Committee, emerging as a leading candidate. Other potential picks include Thomas Homan, acting director of U.S. Immigration and Customs Enforcement, who accompanied Trump on Air Force One on Friday, and Kansas Secretary of State Kris Kobach ... Separately, rumors have been circulating that Trump could nominate Attorney General Jeff Sessions for the Homeland Security role." <http://politi.co/2tR59Cv>

TRUMP FUMES -- at 7:20 a.m.: "Republican Senate must get rid of 60 vote NOW! It is killing the R Party, allows 8 Dems to control country. 200 Bills sit in Senate. A JOKE!" ... **at 7:28 a.m.:** "The very outdated filibuster rule must go. Budget reconciliation is killing R's in Senate. Mitch M, go to 51 Votes NOW and WIN. IT'S TIME!" ... **at 7:32:** "Republicans in the Senate will NEVER win if they don't go to a 51 vote majority NOW. They look like fools and are just wasting time....." ... **7:39 a.m.:** "....8 Dems totally control the U.S. Senate. Many great Republican bills will never pass, like Kate's Law and complete Healthcare. Get smart!" ... **at 7:47 a.m.:** "If the Senate Democrats ever got the chance, they would switch to a 51 majority vote in first minute. They are laughing at R's. MAKE CHANGE!"

-- **SENATE MAJORITY LEADER MITCH MCCONNELL** and about a dozen other Senate Republicans have been pretty clear that they aren't going to kill the filibuster for bills (**Read Seung Min Kim in April** <http://politi.co/2eWvJ6m>). It's unclear why he's hammering this now -- the House health care bill, skinny repeal and clean repeal failed but only needed 51 votes. McConnell -- and other Hill leaders -- never appreciate this kind of advice from the White House. **ALSO:** Democrats have controlled the Senate for much of the last decade and never did this.

-- **HuffPost banner, "THE WILDEST WEEK" ... Drudge banner, "WH SHAKEUP -- PRIEBUS OUT -- GENERAL IN"**.

THE BIG TIMES TICK TOCK, A1 -- "Behind Legislative Collapse: An Angry Vow Fizzles for Lack of a Viable Plan," by Matt Flegenheimer, Jonathan Martin and Jennifer Steinhauer. <http://nyti.ms/2v9rY3t>

BOSTON GLOBE'S MATT VISER -- "Congressional Republicans promised action. By the numbers, they haven't delivered": "The Republican-controlled Congress is in a tailspin of unproductivity, and that's even before the Senate GOP's failure last week to pass a long-promised repeal of the Affordable Care Act. By almost every objective measure -- especially compared with 2009, the last time one party had control of the

White House and both congressional chambers -- it is off to a dismal start.

"Not only have lawmakers been unable to notch major accomplishments on health care or tax reform, but there are also fewer votes, fewer nominees confirmed, and fewer bills passed, according to a Globe review of congressional records of previous eras when the same party controlled the House, Senate, and White House.

"Today's members of Congress are generally just not as active as their predecessors, according to another key measure. Through June, there were 9,247 pages of proceedings, which are the recordings of the daily business of Congress. That was almost 40 percent less than it was in 2009 and lower than any comparable period in recent history." <http://bit.ly/2w9hmPD>

BRUTAL -- PEGGY NOONAN in the **WSJ: "Trump Is Woody Allen Without the Humor:** Half his tweets show utter weakness. They are plaintive, shrill little cries, usually just after dawn": "The president's primary problem as a leader is not that he is impetuous, brash or naive. It's not that he is inexperienced, crude, an outsider. It is that he is weak and sniveling. It is that he undermines himself almost daily by ignoring traditional norms and forms of American masculinity, skinny.

"He's not strong and self-controlled, not cool and tough, not low-key and determined; he's whiny, weepy and self-pitying. He throws himself, sobbing, on the body politic. He's a drama queen. It was once said, sarcastically, of George H.W. Bush that he reminded everyone of her first husband. Trump must remind people of their first wife. Actually his wife, Melania, is tougher than he is with her stoicism and grace, her self-discipline and desire to show the world respect by presenting herself with dignity." <http://on.wsj.com/2v6FiGh>

FOR YOUR RADAR -- "Trump swallows a bitter pill on Russia," by Michael Crowley: "President Donald Trump plans to sign a ... law restricting his ability to lift sanctions on Russia, the White House said Friday night, in a severe blow to his budding relationship with Russian President Vladimir Putin." <http://politi.co/2u6l2in>

-- **"North Korea says 2nd ICBM test puts 'entire' U.S. in range,"** by AP's Eric Talmadge in Pyongyang and Mari Yamaguchi in Tokyo: "North Korean leader Kim Jong Un said Saturday the second flight test of an intercontinental ballistic missile demonstrated his country can hit the U.S. mainland, hours after the launch left analysts concluding that a wide swath of the United States, including Los Angeles and Chicago, is now in range of North Korean weapons. ... Immediately after the launch, U.S. and South Korean forces conducted live-fire exercises." <http://bit.ly/2uLgMrO> ... *Instapic of POTUS on a conference call about North Korea yesterday afternoon with Gen. Joseph Dunford, Rex Tillerson and Jim Mattis (H.R. McMaster, Dina Powell and Matt Pottinger were with him in the Indian Treaty Room and are in the pic)* <http://bit.ly/2hb1E3H>

Playbook Reads

TODD PURDUM on "**Why Priebus was destined to fail**": "On paper, Reince Priebus was a logical chief of staff for Donald Trump, an experienced inside player who could help the biggest outsider who ever won the presidency navigate the complex byways of Washington, Congress and national politics. But their teaming only made sense if the new president was willing to listen - and learn. ...

"**It is a truism of White House management that presidents** get the chiefs of staff they want, at least as often as the ones they need. Early in his first term, Bill Clinton chose his boyhood friend Thomas 'Mack' McLarty, a pliable figurehead, because he wanted to function as his own chief of staff. Richard Nixon chose the crew-cut enforcer H.R. Haldeman to instill fear and deliver the bad news that Nixon himself often shrank from imparting.

"**In Priebus**, Trump first tried the kind of low-key, steady hand that what's left of the GOP establishment thought he needed as a novice politician. Surely the longest-serving national chairman in the Republican Party's history, who had held the Republican Party together through fractious years and helped it reclaim the presidency, could be a calming, rational manager in the White House." <http://politi.co/2tM6LsP>

VALLEY WATCH -- "Tesla's Model 3 rolls down the red carpet as new details revealed," by the San Jose Mercury News' Louis Hansen in Fremont: "The Tesla Model 3 -- fast, electric and available in the dreams and budgets of more common car owners -- left the Fremont factory lot for the California streets Friday evening.

"**CEO Elon Musk drove on stage in a red Model 3** and handed over 30 new electric vehicles to employees at a factory gala, while offering new details about the lower-cost sedan and rallying his troops for challenges ahead. ... 'The final step in the master plan,' Musk said as he stood on stage then, before an image of a curtain-draped Model 3. 'A mass-market, affordable car.' Reservations opened and swelled quickly to almost 400,000 customers." <http://bayareane.ws/2tSe1l0>

BUSINESS BURST -- "Sprint Proposes Merger With Charter Communications," by WSJ's Ryan Knutson and Dana Cimilluca: "Sprint Corp. has proposed a merger with Charter Communications Inc. that would create a media and communications giant, upending industries that are already in the throes of dramatic change. Since the end of May, Charter and Comcast Corp. had been in exclusive talks with Sprint over possible deals, including one that would allow the cable companies to resell wireless service under their own brands. Though the exclusivity window ended this week, Sprint Chairman Masayoshi Son continues to pursue a much larger deal with Charter, according to people familiar with the matter: a full-blown merger of the two companies." <http://on.wsj.com/2uKLbGp>

CLIP AND SAVE -- ED ROGERS in WaPo, "The quest to prove collusion is crumbling": "As the date of the Kushner testimony approached, the media thought it

was going to advance and refresh the story. But Kushner's clear, precise and convincing account of what really occurred during the campaign and after the election has left many of President Trump's loudest enemies trying to quietly back out of the room unnoticed. Cable news airtime and in-print word count dedicated to the nonexistent collusion story appear to be dwindling. Democrats and their allies in the media seem less eager to talk about it, and when they do, they say something to the effect of 'but, but, but ... Kushner didn't answer every question ... He wasn't under oath ... There are still more witnesses ... What about this or that new gadfly?' They are stammering. And it hasn't taken long for news producers and editors to realize that the story is fading." <http://wapo.st/2vg1Vsj>

MEDIA WATCH -- KATIE COURIC leaving Yahoo - AP: "A representative for Couric said Friday she turned down an opportunity for a short-term contract extension at Oath [formerly Yahoo]. Couric is working with National Geographic on a documentary to follow up her project on gender revolution with the network. She's producing a scripted series for Netflix, hosts a podcast where she interviews figures in news and pop culture, and produces 'Scraps' a cooking and travel series for the FYI network." <http://bit.ly/2w7Xc8y>

-- "**Choire Sicha Wins Times Styles Section Bake-Off,**" by Vanity Fair's Joe Pompeo: "The appointment [as editor] caps months of speculation about who would succeed Stuart Emmrich in the high-profile gig, a post that involves lording over one of the Times's more lucrative sections in terms of advertising. ... Sicha ... is an executive at Vox Media, co-founder of The Awl, and former writer and editor at Gawker, Radar, and The New York Observer." <http://bit.ly/2vSbqv0>

CLICKER - "The nation's cartoonists on the week in politics," edited by Matt Wuerker - **16 keepers:** <http://politi.co/2hadL11>

GREAT WEEKEND READS, curated by Daniel Lippman, filing from Munich, where he's attending the American Council of Germany's American-German Young Leaders Conference:

--"**The Hijacking of the Brillante Virtuoso:** A mysterious assault, an unsolved murder, and a ship that hasn't given up all its secrets," by Kit Chellel and Matthew Campbell in Bloomberg Businessweek: "The events of July 6, 2011, set in motion a tangle of lawsuits and criminal investigations that are still nowhere near conclusion. The Brillante Virtuoso reveals the shipping industry's capacity for lawlessness, financial complexity, and violence. Everyone at sea that night survived. But the danger was just getting started." <https://bloom.bg/2vNX9j0> (h/t TheBrowser.com)

--"**How the Democrats Lost Their Way on Immigration,**" by Peter Beinart in the July/Aug. issue of The Atlantic: "Liberals must take seriously Americans' yearning for social cohesion. To promote both mass immigration and greater economic redistribution, they must convince more native-born white Americans that immigrants will not weaken the bonds of national identity. This means dusting off a concept many on the left currently hate: assimilation. Promoting assimilation need not mean expecting

immigrants to abandon their culture. But it does mean breaking down the barriers that segregate them from the native-born. And it means celebrating America's diversity less, and its unity more." <http://theatlntc/2u2KxIK>

--"**Charlie Dent's War**," by Ben Wofford in POLITICO Magazine: "A Republican moderate is stealing the strategy of Tea Party purists. Can it work?" <http://politi.co/2w80U1Y>

--"**The Art of the Hostage Deal**," by TIME's Elizabeth Dias in Riverton, Utah: "At any given moment, a handful of innocent Americans are detained in grisly conditions by hostile governments. Others are held by terrorist groups. ... Many of the families of these captives are united by a faith that President Trump will do what it takes to win their loved ones' release. As a candidate, Trump promised that his dealmaking skills would free innocent Americans held abroad." <http://ti.me/2uKNxVW>

--"**The Little College That Couldn't**: The debate over Jane Sanders's legacy in Burlington," by The Weekly Standard's Alice B. Lloyd: "[H]ere in Burlington, 'People are doing everything they can to protect Bernie,' one former professor told me. Even those who recognize Jane Sanders's wrongdoing-trustees who witnessed weak leadership and faculty members she fired-remain wary of Brady Toensing, the lawyer and Vermont Republican party vice chairman who alerted the state's U.S. attorney in early 2016 to the possible bank fraud underlying Sanders's deal." <http://tw.s.io/2v5ZpEF>

--"**Evan McMullin Tweets Like a President**," by Washingtonian's Elaina Plott: "McMullin's newfound celebrity has been fruitful: he's quoted often by reporters who need the conservative-but-anti-Trump perspective and has earned hundreds of thousands of Twitter followers, an esteemed feat in the eyes of the political-media class." <http://bit.ly/2uGPVhT>

--"**Justin Trudeau: The North Star**," by Stephen Rodrick on the cover of Rolling Stone: "He was raised in jet-set privilege but overcame tragedy to become Canada's prime minister. Is he the free world's best hope?" <http://rol.st/2h6M1KN>

-- "**Jane Austen, on the money**," by Ian Sansom in the Times Literary Supplement: "The metaphorical quilts and blankets of the squierarchy and the clergy have now become the films, the television series, the fine uniform and collector's editions, the appalling paperback editions, the fan fiction, the mugs, the ornaments, and indeed the actual quilts, blankets, fleeces, snugglies, slippers, dressing gowns and pillow cases that are all part of the academic-entertainment complex devoted to the perpetuation of the memory of our dear Jane (or in Henry James's formulation, "their 'dear', our dear, everybody's, dear Jane")." <http://bit.ly/2uCVcr6>

--"**History of the high five**," by Jon Mooallem in ESPN The Magazine's Aug. 8, 2011 issue - per Longform.org's description: "The origin story of a now-ubiquitous celebration." <http://es.pn/2w44XMz>

--"**The Weasel, Twelve Monkeys and the Shrub**," by David Foster Wallace in the April 13, 2000 issue of Rolling Stone: "Seven days in the life of the late, great John McCain." <http://rol.st/2tHs6DL>

-- "**He Spent Almost 20 Years Funding The Racist Right. It Finally Paid Off**," by BuzzFeed's Aram Roston: "William Regnery II, a man who inherited millions but struggled in business, tried for 15 years to ignite a racist political movement - and failed. Then an unforeseen phenomenon named Donald Trump gave legitimacy to what Regnery had seeded long before: the alt-right. Now, the press-shy white separatist breaks his silence." <http://bzfd.it/2uCktrR>

Playbookers

SPOTTED: Tucker Carlson on an early morning Saturday flight from Fort Lauderdale to DCA ... New Pence chief of staff Nick Ayers and his wife sitting in the window having dinner last night at Warehouse Bar and Grille on King Street in Old Town ... Chuck Todd (wearing a T-shirt and jeans) at H St. Country Club last night enjoying a drink and some chips with three friends ... Sen. Cory Booker (D-N.J.) boarding Friday's 2 p.m. Acela out of D.C. ... former first lady Michelle Obama at the Spotify-sponsored "Beating the Odds" Summit yesterday at Dunbar High School in D.C. **Pic** <http://bit.ly/2vSKDyq>

PELOSI DEPARTURE LOUNGE -- Caroline Behringer, a senior spokesman for House Minority Leader Nancy Pelosi, is leaving the California Democrat's leadership office to join her fiancé, Colin Bortner, a director of public policy for Netflix, in Amsterdam. Pelosi toasted Behringer with chocolate cake at a going away reception Friday afternoon at the Capitol thanking her for her work on health care. **SPOTTED** at the subsequent "Team Pelosi Hawk 'n' Dove" going away soirée last night: Taylor Griffin, Dylan Gibson, Robert Edmonson, Stephanie Cherry, Patti Ross, Shana Mansbach, Elena Kuhn, Michael Long, Julius West, Christina Wilkes, Sarah Jackson and tipster Drew Hammill.

WELCOME TO THE WORLD -- Rep. Trey Hollingsworth (R-Ind.) and his wife **Kelly**, who works in fashion, welcomed their first child, Joseph, on Thursday at 1:38 a.m. "Both Kelly and Joseph are doing well, and Trey is adjusting to fatherhood like a pro, already having taken hundreds of photos and videos of his new son." **Pic** <http://bit.ly/2haD96l>

BIRTHDAY OF THE DAY: Peter Alexander, national correspondent at NBC News. **How he's celebrating:** "We've got a big party planned - not mine, my four-year-old daughter, Ava's - with my three favorite ladies: Ava, Emma and Alison (featuring cameos by Belle and Elsa)." Read his Playbook Plus Q&A: <http://politi.co/2v9fhpr>

BIRTHDAYS: David Westin, anchor of "Bloomberg Daybreak Americas" and former ABC News president ... Caitria Mahoney, segment producer for MSNBC and an Obama WH alum ... Obama and Biden alum Herbie Ziskend, who graduated in May from

Harvard Kennedy School (bag tip: Lesser) ... POLITICO's Carol Eisenberg and Danny Vinik ... documentarian Ken Burns is 64 ... Marilyn Quayle is 68 ... former Sen. Elizabeth Dole (R-N.C.), now founder of Hidden Heroes, is 81 (h/t Arjun Mody) ... former Sen. Nancy Kassebaum-Baker (R-Kans.) is 85 ... Ellie Titus of Bloomberg Politics ... Rep. Diana DeGette (D-Colo.) is 6-0 ... Rep. Jeff Denham (R-Calif.) is 5-0 ... Rep. Denny Heck (D-Wash.) is 65 ... Peter S. Goodman ... John Raffetto ... Politico Europe's Joanna Plucinska and Jacopo Barigazzi ... Chris Carr ...

... **Garance Franke-Ruta**, Washington editor at Yahoo News ... Nate Rawlings is 36 ... Karl Douglass, principal with Ohio River South (h/t Jon Haber) ... Tampa Mayor Bob Buckhorn is 59 ... Denver Mayor Michael Hancock is 48 ... Mark Laichena ... Jim Hake, founder and CEO of Spirit of America, an Arlington-based non-profit that provides private support for U.S. missions abroad (h/t Isaac Egan) ... Vox's Laura McGann ... Grant Bosse ... Rob Hennings ... former Rep. Deborah Pryce (R-Ohio) is 66 ... Caitlin McBride ... Bill Pascoe ... Melissa Steffan ... Lise Clavel ... Katherine Lugar, CEO of the American Hotel Lodging Association ... CNN's Aaron Kessler ... Dave Barr ... Charles Hoskinson ... Doug Hill ... Allison Jaslow ... Medal of Honor recipient Sgt. 1st Class Leroy Petry ... Jeff Patch ... Kristin Fisher Forehand ... Kris Purcell ... Caitlin Callahan ... Tom Kimbis ... Jay Heine ... Carrie Hyun ... Brad Marshall ... Laura Nichols (h/ts Teresa Vilmain)

THE SHOWS by @MattMackowiak filing from Austin:

--**CNN's "State of the Union"**: Sen. Susan Collins (R-Maine) ... Sen. Bernie Sanders (I-Vt.). Panel: Michael Caputo, Rep. Barbara Lee (D-Calif.), Mike Murphy and Rep. Ted Lieu (D-Calif.)

-- **CBS's "Face the Nation"**: Sen. Jeff Flake (R-Ariz.) ... Sen. Dianne Feinstein (D-Calif.) ... new CBS News Nation tracker poll with CBS News' Anthony Salvanto. Panel: Nancy Cordes, Ben Domenech, Ruth Marcus, David Nakamura and Ed O'Keefe

-- **"Fox News Sunday"**: House Minority Leader Nancy Pelosi (D-Calif.) ... Gov. John Kasich (R-Ohio). Panel: Brit Hume, former Rep. Jane Harman (D-Calif.), Karl Rove and Mo Elleithee

-- **NBC's "Meet the Press"**: Sen. Susan Collins (R-Maine) ... Sen. Amy Klobuchar (D-Minn.) ... Sen. Bill Cassidy (R-La.). Panel: Cornell Belcher, Helene Cooper, Hugh Hewitt and Eliana Johnson

-- **ABC's "This Week"**: Guests to be announced

-- **CNN's "Inside Politics"** with John King: Michael Bender, Michael Warren, Margaret Talev and Sara Murray

-- **CNN's "Reliable Sources"**: April Ryan, Douglas Brinkley and Richard Wolffe ... Jennifer Rubin and John Phillips ... Mark Hertling ... David Zurawik ... Alisyn Camerota

-- **Fox News' "Sunday Morning Futures"**: Speaker Paul Ryan (R-Wisc.) ... Rep. Kevin Brady (R-Texas) ... Sen. Mike Rounds (R-S.D.) ... Mike Huckabee. Panel: Michael Goodwin and Jon Hilsenrath

-- **Fox News' "MediaBuzz"**: Shannon Pettypiece ... Katie Pavlich ... Joe Trippi

-- **CNN's "Fareed Zakaria GPS"**: Peter Beinart, Richard Haass, Margaret Hoover and Dan Senor ... Joshua Green ... Gideon Rachman

-- **Univision's "Al Punto"**: Father of San Antonio smuggling victim Jose de Jesus Martinez and Alex Galvez ... Rep. Henry Cuellar (D-Texas) ... California Attorney General Xavier Becerra ... Republican political analyst Alfonso Aguilar and ACLU director of immigration policy and campaigns Lorella Praeli ... National Assembly-appointed Justice for Venezuela's Supreme Court Alejandro Rebolledo

-- **C-SPAN: "The Communicators"**: Steve Case ... **"Newsmakers"**: Rep. John Yarmuth (D-Ky.), questioned by The New York Times' Alan Rappeport and The Washington Post's David Weigel ... **"Q&A"**: Mark Bowden

-- **Washington Times' "Mack on Politics"** weekly politics podcast with MattMackowiak (download on iTunes, Google Play, or Stitcher or listen at <http://bit.ly/2r37J6h>): The Federalist senior editor and Fox News contributor Mollie Hemingway.

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