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**From:** Bloomberg BNA  
**Sent:** Fri 7/14/2017 8:05:56 PM  
**Subject:** July 14 -- Daily Environment Report - Afternoon Briefing



## **Daily Environment 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. The Bloomberg BNA Daily Environment Report is brought to you by EPA Libraries. Please note, these materials may be copyrighted and should not be forwarded outside of the U.S. EPA. If you have any questions or no longer wish to receive these messages, please contact Josue Rivera-Olds at [riversa-olds.josue@epa.gov](mailto:riversa-olds.josue@epa.gov), 202-566-1558.

### **Military Climate Study Survives With Crucial House GOP Votes**

*Posted July 14, 2017, 12:14 P.M. ET*

*By [Dean Scott](#)*

A small but growing number of climate-friendly House Republicans scored their first big victory July 13 when 46 of them joined Democrats to defend language in a defense spending bill highlighting national security concerns posed by climate change.

Republican Reps. Scott Perry (Pa.) and Ken Buck (Colo.) were confident their amendment to strike the the climate change language from the fiscal year 2018 Defense Department spending bill would prevail, given a string of Republican victories that have derailed climate funding and policies in recent years. But their amendment, which appeared to have sailed through an afternoon voice vote, fell to defeat by a vote of 185–234 in a recorded vote. A small but growing coalition of Republicans in favor of climate action joined all Democrats in defeating the measure.

The debate was over a section that would put the House on record in viewing climate change as a “direct threat” to U.S. national security and refers to ways in which increasing temperatures, droughts, and other climate impacts may already be contributing to conflicts around the world. It also directs the Defense Department to compile a sort of top 10 list of U.S. military installations within each branch of the military that are most vulnerable to sea-level rise and other climate impacts.

Buck, who co-sponsored the amendment targeting the section, told Bloomberg BNA before the vote that he recognizes that the climate is changing, but is skeptical that the impacts will be as grave over the coming decades as some scientists predict.

“The issue here is whether we need to spend money on climate change in the Department of Defense,” he said, arguing that the money would be better spent addressing backlogs in maintenance for U.S. Navy planes and other defense needs.

“I think we have better priorities, and I want to make sure that we fund the core mission,” of U.S.

defense, he said.

## **Trump Picks Lawyer for Energy Regulator Crippled Without Quorum**

*Posted July 14, 2017, 7:37 A.M. ET*

*By Catherine Traywick*

President Donald Trump named attorney Kevin McIntyre as his pick for chairman of the Federal Energy Regulatory Commission, paving the way for the agency to regain its authority to rule on natural gas pipelines and contested utility mergers.

McIntyre, co-head of Jones Day's global energy practice, would take the reins from acting chairman Cheryl LaFleur and is the third Republican Trump has named to the commission, according to a July 13 statement from the White House. In May, Trump named Neil Chatterjee, senior energy adviser to Senate Majority Leader Mitch McConnell, and Robert Powelson, former chairman of the Pennsylvania Public Utility Commission, to fill the remaining two seats on the commission.

Trump has been under pressure to fill three vacancies on the panel following the February resignation of former chairman Norman Bay, whose departure left the commission without the quorum it needs to make major decisions. Until new commissioners are confirmed, the agency can't approve multibillion-dollar natural gas pipelines, potentially stalling a massive expansion of the U.S. gas pipeline network brought on by the shale boom.

More than \$50 billion worth of project applications are pending before the commission, including an application for the \$2 billion Nexus gas line in the Midwest, which is scheduled to start by year-end. Other issues awaiting agency action are a proposed rule on commercial battery storage, and a decision on the commission's income tax allowance policy for pipelines run by master limited partnerships.

"They've got a hell of a mess to clean up," former commission member Marc Spitzer said of the candidates. "There's several months of backlog. They'll be drinking from a fire hose."

### **Energy Practice**

At Jones Day in Washington, McIntyre represents companies in cases involving energy markets, utilities and oil and gas pipeline regulations. His global energy practice focuses on compliance and enforcement, and energy marketing and trading among other issues, according to the firm's website.

Chatterjee and Powelson are still waiting for a Senate floor vote to confirm their nominations. During a committee hearing, both nominees expressed limited support of state subsidies for ailing nuclear plants, an issue that has drawn controversy across the power industry. Once confirmed, the commissioners would have to rule on cases challenging those subsidies, as well as determine whether the agency should issue new rules addressing their impact on wholesale markets.

The commission normally consists of five members who serve five-year terms. Right now, it's made up of one. LaFleur, a Democrat and former utility executive, has been on the commission since 2010. The term of another commissioner, Colette Honorable, a Democrat who previously served as chair of the Arkansas Public Service Commission, ended in June.

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## Soil Removal Necessary at Colorado Smelter Site, EPA Says

Posted July 14, 2017, 03:16 P.M. ET

By [Tripp Baltz](#)

Eighteen inches of soil contaminated with lead and arsenic need to be removed to protect residents near a Pueblo, Colo., Superfund site, the EPA said.

Indoor dust cleanups also will be part of the [remedy](#), the agency said July 14 in its proposed plan to address contaminated soils—including transported slag—and dust contamination at homes within the Colorado Smelter Superfund site. A public comment period on the plan began July 14 and ends Aug. 14, the EPA said.

The facility was a silver and lead smelter operated by ASARCO south of downtown Pueblo from 1883 to 1908. The EPA listed the site on the National Priorities List in December 2014 due to concern about high levels of arsenic and lead identified in the slag and neighborhood soils.

“EPA believes this early interim action is necessary because data collected from May 2015 through June 2016 show there is an increased risk of exposure to elevated levels of smelter-related lead and arsenic in residential soils and indoor dust at some homes,” the agency said in its proposed plan.

## Brazil Projects Rapid Growth in Wind and Solar by 2026

Posted July 14, 2017, 12:41 P.M. ET

By [Michael Kepp](#)

Brazil's latest 10-year energy expansion plan sees wind power doubling to a 13 percent share of the electricity matrix, while solar power stands to also gain a foothold.

The country's Mines and Energy Ministry unveiled July 10 its 269-page 10-year [energy expansion plan](#), one that includes both electricity and combustion-fuel energy generation through 2026.

Increased wind and solar power capacity would offset decreased hydropower capacity by the end of 2026, according to the plan. But, wind and solar associations have even more optimistic projections for sector growth through 2026.

Rodrigo Lopes Sawaia, executive director of the Brazilian Photovoltaic Solar Energy Association (Absolar) told Bloomberg BNA July 13, that the government's latest 10-year energy expansion plan's projections for solar power growth “are conservative.”

Absolar projects that if the government follows Absolar's investment recommendations, large-scale solar power could have an installed capacity of 14,000 megawatts by 2026, compared to 9,660 megawatts in the government's plan. Reaching this projection would require 70 billion reais (\$21.8 billion) worth of investments, compared to 50 billion reais (\$15.6 billion) in the government's plan, Lopes Sawaia said.

“Solar power is growing in Brazil in part because solar equipment prices are rapidly declining making

solar power more competitive with other energy sources,” Lopes Sauaia said. “That’s is why we are even more optimistic about such growth potential than the government, now trying diversify the electricity matrix to include a greater share of power from non-hydro renewable sources, another reason for solar power’s projected growth here.”

Renewables could offset a decade-long decrease in hydropower installed capacity, which will drop from 69 percent of the electricity matrix in 2016 to 56 percent in 2026. Hydropower generation will drop because over 80 percent of its remaining potential is in the Amazon where impacts caused by dam reservoirs’ flooding parts of rainforests, some of them protected, will make it increasingly hard to get licenses from environmental agencies.

Wind power—which in 2016 accounted for 6.7 percent (10, 025 megawatts) of the electricity matrix—would account for 13 percent (28,470 megawatts) in 2026. The plan also said that large-scale (non-rooftop) solar power, which accounted for .01 percent (21 megawatts) of the electricity matrix in 2016 would account for 4.5 percent (9,660 megawatts) of the matrix in 2026.

Elbia Gannoum, president of the Brazilian Association of Wind Power Producers (Abeeolica), told Bloomberg BNA July 13, that the energy expansion plan’s wind growth projections were just below Abeeolica’s.

“The energy expansion plan projects that 1,800 megawatts per year of wind power will be added to the electricity matrix by 2026, just below the 2,000 megawatts per year that Abeeolica estimates,” said Gannoum. “And according to our estimates such wind power growth will require 50 billion reais (\$15.6 billion) in investments by 2026.”

### **Brazil to Loan \$625M to States, Cities to Upgrade Sanitation**

*Posted July 14, 2017, 10:53 A.M. ET*

*By [Michael Kepp](#)*

Brazil will provide 2 billion reais (\$625 million) in low-cost loans to states and municipalities that most urgently need to upgrade basic sanitation, in particular water and sewage treatment, a ministry official told Bloomberg BNA.

The Cities Ministry—which announced the financing July 12—will analyze project proposals and the level of debt of the cities and states requesting the loans, Sergio Wippel, director of the Cities Ministry department that finances basic sanitation projects, said July 14.

“States and municipalities with a low percentage of households whose water and/or sewage is being treated will be given financing preference because they are in the most urgent need,” Wippel said. “But states and municipalities that don’t have exceedingly high levels of debt, and thus don’t represent high loan-payback risk, will also be given financing preference.”

The ministry will decide on the recipients by March 2018 and will disburse loans between March 2019 and March 2020, Wippel said. The last time the ministry offered states and municipalities basic sanitation financing was in 2013.

Around 45 percent of the ministry’s financing will go to boost water and sewage treatment. The rest will go to install landfills and incinerators for disposing of residential solid waste, and construct storm drains, among other projects, Wippel said.

## Daimler Says It's Ready to Fight Emissions Cheating Accusations

Posted July 14, 2017, 10:44 A.M. ET

By Elisabeth Behrmann and Chad Thomas

Daimler AG said it would push back against allegations that it manipulated emissions in its Mercedes-Benz engines, as a German government probe into the luxury-car maker deepens.

"We would employ all legal means" to defend against any accusation by the Federal Transport Motor Authority of an illegal defeat device in Mercedes-Benz cars, the company said in an emailed statement. Daimler was responding to an article in Der Spiegel which said government examiners suspect that such a device was built into some vehicles.

Daimler's statement comes a day after top executives were summoned for a special meeting to Berlin to discuss an ongoing probe into the carmaker's engines, and hours after the German government said it would expand its examination to include additional models.

The Federal Motor Transport Authority, or KBA, which is also looking into potential emissions violations at other carmakers, will oversee these additional tests, Transport Ministry spokesman Ingo Strater told reporters in Berlin July 14. Details emerged July 13 that two engines used in Daimler's Mercedes-Benz cars were being scrutinized by Stuttgart prosecutors as part of an investigation they opened in March.

"The KBA is testing vehicles from Daimler, just as it has done with other manufacturers in the past," Strater said.

Germany's scrutiny of Daimler deepens concerns that defeat devices used to cheat on emissions tests were used more widely than initially thought. Volkswagen in September 2015 was the first manufacturer to be caught using the technology in 11 million cars.

### Engines Scrutinized

At Daimler, German prosecutors are focused on two diesel motors built between 2008 to 2016 that are used across Mercedes's product lineup, according to a person familiar with the investigation. Details about the engines in question were contained in a search warrant used to conduct raids at Daimler sites in May.

"For us, the discussion was a continuation of the constructive dialog with the KBA," Daimler said in the statement. "Of course we will continue to work constructively with the authorities."

Talks didn't include threats of a recall, Daimler said. German automakers last year agreed with authorities on a voluntary fix involving 630,000 cars to upgrade emissions control setups.

After the revelation of the new details, South Korea's environment ministry started a probe into some imported Mercedes vehicles, Yonhap news agency reported. The ministry found about 40 types of cars suspected of carrying a device manipulating emissions and is investigating how many of these cars have been sold in the country, according to unidentified official.

"It's quite disconcerting that this investigation is happening and the accusations are serious," Baden-

Wurttemberg state Transport Minister Winfried Herrmann told Deutschlandfunk radio. "We need unreserved clarification of the whole process and responsibilities."

The July 13 meeting at the ministry included the head of technology development Ola Kaellenius, who reiterated that the company complied with existing rules, according to a ministry statement. EU emissions rules allow for companies to reduce the degree to which exhausts are treated, if deemed necessary to protect the engine in tough driving conditions like low temperatures or high altitude.

### **Loose Regulations**

While reports about 1 million diesel cars at risk of decommissioning because of emissions violations "look bad," according to a note from Citigroup analyst Mike Tyndall, they're not "a new development as such and we take comfort from Daimler's continued assertion that its vehicles comply with the relevant, albeit somewhat loose regulations."

As part of its efforts to clear up mounting questions about the reliability of emissions controls in diesel cars, the Transport Ministry is due to meet manufacturers on Aug. 2 to discuss steps to clean up older vehicles that use diesel technology, including software updates. A number of cities, including the respective hometowns of BMW AG and Daimler have considered banning older diesel cars.

KBA has also looked into potential emissions violations at Volkswagen AG's Audi, Fiat Chrysler Automobiles NV and General Motors Co.'s Opel.

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### **Germany to Test More Daimler Vehicles in Diesel Emissions Probe**

*Posted July 14, 2017, 9:51 A.M. ET*

*By [Elisabeth Behrmann](#) and [Chad Thomas](#)*

The German government said it will test additional vehicles made by Daimler AG, a day after company executives were summoned to Berlin for an extraordinary meeting about the ongoing probe into the carmaker's diesel emissions.

The Federal Motor Transport Authority, or KBA, which also is looking into potential emissions violations at other carmakers, will oversee the tests, Transport Ministry spokesman Ingo Strater told reporters in Berlin July 14. On July 13, details emerged that two engines used in Daimler's Mercedes-Benz cars were being scrutinized by Stuttgart prosecutors as part of an investigation they opened in March.

"The KBA is testing vehicles from Daimler, just as it has done with other manufacturers in the past," Strater said.

Germany's scrutiny of Daimler deepens concerns that defeat devices used to cheat on emissions tests were used more widely than initially thought. Volkswagen in September 2015 was the first manufacturer to be caught using the technology in 11 million cars. At Daimler, German prosecutors are focused on two diesel motors built between 2008 to 2016 that are used across Mercedes's product lineup, according to a person familiar with the investigation.

Officials from the Transport Ministry on July 13 met with Daimler representatives, including the head of technology development Ola Kaellenius, who reiterated that the company complied with existing rules, according to a ministry statement.

“For us, the discussion was a continuation of the constructive dialogue with the KBA,” Daimler said in an emailed statement, declining to say what was discussed. “Of course we will continue to work constructively with the authorities.”

As part of its efforts to clear up mounting questions about the reliability of emissions controls in diesel cars, the Transport Ministry is due to meet manufacturers on meet Aug. 2 to discuss steps aimed at cleaning up older vehicles that use diesel technology, including software updates.

KBA has also looked into potential emissions violations at Volkswagen AG’s Audi, Fiat Chrysler Automobiles NV and General Motors Co.’s Opel.

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## **Big Oil Just Woke Up to Threat of Rising Electric Car Demand**

*Posted July 14, 2017, 9:40 A.M. ET*

*By [Jessica Shankleman](#)*

The world’s biggest oil producers are starting to take electric vehicles seriously as a long-term threat.

OPEC quintupled its forecast for sales of plug-in EVs, and oil producers from Exxon Mobil Corp. to BP Plc also revised up their outlooks in the past year, according to a July 14 study by Bloomberg New Energy Finance. The London-based researcher expects those cars to reduce oil demand 8 million barrels by 2040, more than the current combined production of Iran and Iraq.

Growing popularity of EVs increases the risk that oil demand will stagnate in the decades ahead, raising questions about the more than \$700 billion a year that’s flowing into fossil-fuel industries. While the oil producers’ outlook isn’t nearly as aggressive as BNEF’s, the numbers indicate an acceleration in the number of EVs likely to be in the global fleet.

“The number of EVs on the road will have major implications for automakers, oil companies, electric utilities and others,” Colin McKerracher, head of advanced-transport analysis at BNEF in London, wrote in a note to clients. “There is significant disagreement on how fast adoption will be, and views are changing quickly.”

BNEF expects electric cars to outsell gasoline and diesel models by 2040, reflecting a rapid decline in the cost of lithium-ion battery units that store power for the vehicles. It expects 530 million plug-in cars on the road by 2040, a third of worldwide total number of cars.

The Organization of Petroleum Exporting Countries raised its 2040 EV fleet prediction to 266 million from the 46 million it anticipated a year ago. Battery cars under the new projection account for 12 percent of the market within 23 years, compared to 2 percent in the 2015 forecast. Based in Vienna, the group representing 14 nations expects half the number of diesel vehicles as it did a year ago.

Others making similar expectations according to the BNEF note include:

- The International Energy Agency more than doubled its central forecast for EVs, raising its 2030 EV fleet size estimate from 23 million to 58 million,
- Exxon Mobil boosted its 2040 estimate to about 100 million from 65 million,
- BP anticipates 100 million EVs on the road by 2035, a 40 percent increase in its outlook compared with a year ago,
- Statoil ASA, the Norwegian state oil company, says EVs will account for a 30 percent of new sales by 2030.

Just a fraction of the world's cars sold today are powered by batteries instead of gasoline. Many analysts increasingly say the market will expand rapidly as almost all major auto makers bring dozens of new EV models to market. OPEC said in its oil market report on July 12 that electric vehicle sale targets could dampen demand in some parts of Asia as soon as 2018.

Long-term growth depends on a wide range of factors, including policy decisions by governments seeking to tackle air pollution to the cost of the lithium-ion batteries that account for about a third of the cost of each one.

Yet even as oil majors lift their outlook, they remain much less optimistic than the automakers. The world's top automakers have a combined plan to sell 6 million EVs a year by 2025, rising to 8 million in 2030, according to Bloomberg New Energy Finance.

Some big companies plan to go all electric. Volvo AB expects to have an electric motor in every car by 2019. It joins Elon Musk's Tesla Inc. as a major EV maker and Geely Automobile Holdings Ltd., the Hong Kong-based maker of London's black cabs, which is re-branding itself to focus on EVs.

"What oil companies and car companies are saying is diverging," said McKerracher, the BNEF analyst. "This is a trillion dollar question, and somebody is going to be wrong."

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## **U.S. Said to Stymie Japan's Plan to Explore for Russian Oil**

*Posted July 14, 2017, 10:13 A.M. ET*

*By Jack Farchy*

A Japanese group's plans to explore for Russian oil with state-run Rosneft PJSC have been stymied by U.S. intervention over sanctions, according to people familiar with the matter.

Washington's objection to the Japanese project to explore for oil in the ocean off Russia's Far East shows the U.S. Treasury is maintaining a firm line on sanctions, even as some international companies press on with Russian energy deals. In April, the U.S. turned down a request from ExxonMobil Corp. for a waiver to allow it to drill with Rosneft in the Black Sea.

Rosneft signed a preliminary deal with a Japanese consortium of Japan Oil, Gas & Metals National Corp., known as Jogmec, Inpex Corp., and Marubeni Corp. for offshore exploration at a license to the south west of Sakhalin Island in December, one of more than 60 agreements and memorandums signed during Russian President Vladimir Putin's visit to Japan.

However, since then the U.S. government has objected to the project, according to two people familiar with the discussions who asked not to be identified discussing a sensitive matter.

### **Washington's Allies**

The U.S. objection to the project is based on the principle that Washington's G7 allies should not "backfill" the sanctions by allowing their companies to carry out projects that U.S. companies would be prohibited from working on. Tokyo's position is that the project with Rosneft does not represent backfilling, since the Japanese consortium was not competing with U.S. companies, according to one of the people.

As well as political pressure from its closest ally, Japan also risked falling foul of U.S. sanctions on Russia that prevent foreign companies exploring in deepwater with equipment that is 25 percent or more originated in the U.S.

The Japanese project's struggles come as U.S. lawmakers are working on new sanctions targeting energy projects in Russia. The measures were passed almost unanimously by the Senate last month, but are currently stalled in the House.

Japan's Ministry of Economy, Trade and Industry declined to comment. The U.S. Treasury Department didn't respond to requests for comment.

While the Japanese consortium joins Exxon in being frustrated by sanctions, some Chinese, Indian and European companies are pressing ahead with projects in Russia. China's Beijing Gas Group last month completed a \$1.1 billion deal to buy a stake in Rosneft's Verkhnechonskneftegaz unit. Italy's Eni SpA is set to start exploration drilling with Rosneft in the Black Sea this summer, Rosneft Chief Executive Igor Sechin said in May.

### **Deep Water**

The license area due to be explored by Rosneft and the Japanese group—which the companies did not name but can be identified as Central Tatarsky by [maps](#) they published—includes areas deeper than 500 feet (152 meters). They are subject to U.S. sanctions on the provision of equipment and services to Russian deepwater oil projects, the people said.

A spokesman for Inpex wasn't immediately able to comment. Marubeni and Jogmec declined to comment citing a confidentiality agreement. Rosneft also declined to comment.

Sechin said last September that Rosneft planned to carry out 2D and 3D seismic surveys at the Central Tatarsky license starting in summer 2017. The Japanese consortium had planned to use Shigen, a seismic vessel owned by the Japanese Ministry of Economic, Trade and Industry, to carry out the research, Jogmec said in a December statement. As of July 13, the vessel was off the east coast of Japan, on its way to the west coast port of Nigata, according to ship tracking data.

The U.S. intervention is a blow to Japanese hopes of converting warmer relations between Prime Minister Shinzo Abe and President Putin into economic gains. The Japanese companies said in a joint statement in December that they expected "to strengthen Japan-Russia economic cooperation through this joint project."

In the past three years, Tokyo has attempted to take a diplomatic line that supports its western allies

without alienating Moscow. It imposed some sanctions on Russia in 2014 but stopped short of the wide-ranging restrictions on the financial and energy sectors that have been imposed by the U.S. and EU.

The Japanese and U.S. governments are still negotiating and may yet find a way for the project to go ahead, the people said. Some of the license lies in waters shallower than 500 feet, which is not classified as deepwater under the sanctions. A Japanese government official said that all Japanese projects would comply with sanctions.

—With assistance from Isabel Reynolds, Nick Wadhams, Stephen Stapczynski and Tsuyoshi Inajima.

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## **Carbon from L.A. to Paris Jumps as Lawmakers Plan Tightening**

*Posted July 14, 2017, 10:33 A.M. ET*

*By [Mathew Carr](#), [Joe Ryan](#) and [Marine Strauss](#)*

Carbon prices from California to New Zealand are soaring as lawmakers across the globe seek more stringent rules for their greenhouse-gas markets.

California emission permits surged to a four-year high this week after Gov. Jerry Brown (D) published a plan to extend the biggest U.S. carbon trading program. In Europe, allowances reached their highest level since March as politicians debate proposals to cut a permit glut, while New Zealand carbon contracts rose before a review of its [system](#).

Most countries are looking for the most cost-effective way to switch from the fossil fuels blamed for climate change. Even in the U.S., President Donald Trump's decision last month to pull out of the landmark Paris accord on cutting emissions triggered widespread condemnation by civic and state leaders across the country including from the governors of New York and Massachusetts.

China is planning to install the world's largest carbon market this year, though it's seen phasing in industries over time to smooth the impact on the economy. The biggest energy consumer burned the least coal in six years in 2016, became the number one producer of renewable energy and even lowered its emissions of climate-warming gases, BP Plc data show.

"There seems to be a clearer political will to lift carbon prices," said Ingo Ramming, the London-based co-head of commodity solutions for Commerzbank AG. "Even if China's national carbon market takes longer to install than expected, globally there's a lot happening, especially among the North American states and provinces."

In carbon trading, governments set a limit on emissions and then auction off or give away rights to pollute within the cap. These permits can be sold by more efficient companies to those that are less efficient. As governments periodically lower the caps, overall emissions fall.

### **No Poison**

California's proposed legislation is designed to extend the basic current structure of its cap-and-trade program through 2030. Brown emphasized early this week that his plan would not only help

limit global warming, but “protect vulnerable communities from industrial poisons.”

On July 13, he urged lawmakers to extend the program to show the world how to lower the risks of mass migration, fires and disease. “This isn’t for me. I’m going to be dead. It’s for you. And it’s damned real. So I just ask you; take it seriously.”

California’s December allowances closed at a peak of \$15.41 a metric ton this week, the highest since January 2013 when the program started, according to data from exchange ICE Futures.

“They’ve never been this high, except for the very beginning of the market,” said Lenny Hochschild, managing director at Evolution Markets Inc., the environmental broker based in White Plains, N.Y.

In Europe, lawmakers are currently debating proposals to control the supply of emission allowances as a way to boost prices in its 12-year-old carbon market. Per Lekander, a fund manager at Lansdowne Partners U.K. LLP in London, reckons permit values will double within a year if the plans are approved.

“Finally, after 10 years of oversupply, this mechanism is now about to deliver what was intended,” Lekander said.

European Union efforts to reform its \$48 billion cap-and-trade system have repeatedly failed to increase the penalty for polluting, with the price of emissions slumping more than 80 percent since 2008 because of the glut. Futures fell 0.8 percent to 5.32 euros (\$6.07) a ton on ICE Futures Europe July 14.

The latest steps to overhaul the market looked “promising” after legislators met July 10, said Siim Kiisler, the environment minister of Estonia, current holder of the European Union’s rotating presidency. Lawmakers meet again on the market changes in September.

The Group of 20 nations published its first-ever climate and energy action plan at the weekend. The U.S. was the only member that didn’t agree that the Paris accord was “irreversible.”

“It’s good to see the countries taking a stand against the regressive climate policies of President Trump,” said Trevor Sikorski, head of carbon and natural gas at Energy Aspects Ltd. in London.

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## **Asia at Risk of Deeper Poverty Due to Climate Change, Bank Says**

*Posted July 14, 2017, 9:34 A.M. ET*

*By [Bloomberg News](#)*

Asia and the Pacific, home to two thirds of the world’s poor, are at the highest risk of suffering deeper poverty and disaster due to unabated climate change, reversing current development gains, according to the Asian Development Bank.

The Asian landmass will see a temperature increase of 6 degrees Celsius (10.8 degrees Fahrenheit) by the end of the century under a business-as-usual scenario, ADB said in a July 14 statement. The comment is based on findings included in a report from the bank and Potsdam Institute for Climate Impact Research that analyses climate risks in Asia and the Pacific.

Some countries in the region could experience significantly hotter climates, with temperature increases in Tajikistan, Afghanistan, Pakistan, and northwest China projected to hit 8 degrees Celsius, ADB said.

Hotter climates would cause drastic changes in the region's weather system, agriculture and fisheries sectors, land and marine biodiversity, domestic and regional security, trade, urban development, migration, and health, and may even pose an existential threat to some countries, the ADB said.

The findings underscore the need for the region to reduce greenhouse gas emissions along the lines of those agreed to by the global community under the Paris accord—which calls for warming to be limited to well below 2 degrees Celsius—and to explore better strategies to mitigate the impact of climate change.

ADB approved a record \$3.7 billion in climate financing last year and has pledged to further boost its investments to \$6 billion by 2020, it said.

Other findings in the report include:

- Under a business-as-usual scenario, annual precipitation is expected to rise by as much as 50 percent over most land areas in the region, although nations such as Pakistan and Afghanistan may see a decline in rainfall by 20 to 50 percent,
- 19 of the 25 cities most exposed to a 1 meter sea-level rise are located in the region, 7 of which are in the Philippines alone. Indonesia, however, will be the country in the region most affected by coastal flooding,
- 13 of the top 20 cities with the largest growth of annual flood losses from 2005-2050 are in the region.

Climate change also will make food production in the region harder and will raise production costs. In some countries of Southeast Asia, rice yields could tumble by up to 50 percent by 2100 if no adaption efforts are made

Marine ecosystems, particularly in the Western Pacific, will be in serious danger by 2100. Even with a 1.5 degree Celsius temperature increase, 89 percent of coral reefs are expected to suffer from serious bleaching, severely affecting reef-related fisheries and tourism in Southeast Asia

Heat-related deaths in the region among the elderly are expected to rise by about 52,000 cases by 2050 due to climate change, according to data from the World Health Organization. Deaths related to vector-borne diseases such as malaria and dengue may also increase

Climate change can exacerbate energy insecurity through continued reliance on unsustainable fossil fuels, reduced capacities of thermal power plants due to a scarcity of cooling water, and intermittent performance of hydropower plants as a result of uncertain water discharges, among other factors

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### **Week Ahead: New Jersey Republican Lawmaker Boosting EPA's Budget**

*Posted July 14, 2017, 03:57 P.M. ET*

By [Chuck McCutcheon](#)

Rep. Rodney Frelinghuysen (R-N.J.) will get an initial public crack at boosting EPA spending as House Appropriations Committee chairman at a Tuesday [committee markup](#) of the fiscal 2018 budget bill, one of numerous environment and energy events scheduled for the week of July 17.

Frelinghuysen, who took over as Appropriations chairman in January, has compiled a moderate voting record since arriving in Congress in 1995, though he has grown more conservative in recent years as his caucus shifted to the right.

He worked with environmental advocates on a [2004 law](#) to preserve land in environmentally sensitive areas of New Jersey and nearby states. He differs with some of his Republican colleagues in having [said publicly](#) that humans have “some effect” on climate change.

Frelinghuysen questioned Environmental Protection Agency Administrator Scott Pruitt at a June hearing about the Trump administration’s proposed 31 percent cut to the EPA’s budget. The House Appropriations’ Interior, Environment and Related Agencies Subcommittee approved a spending bill this month that would cut the EPA’s budget about 7 percent.

In particular, Frelinghuysen cited his home state’s large number of Superfund sites and noted that the majority of cleanup money comes not from the federal government, but from companies and other parties found responsible for contamination. He also lauded the EPA’s “damn good team” serving the mid-Atlantic region.

“I think it’s good to sort of move with precaution and caution before you take any, too many dramatic steps,” Frelinghuysen told Pruitt.

The House subcommittee’s spending bill would provide more than \$1.1 billion for the Superfund program, well above the \$516 million requested in Trump’s budget. Pruitt told Frelinghuysen, however, that Superfund remains “absolutely a priority for this administration.” [Tiffany Stecker](#) will cover the appropriations markup.

#### **In Other News**

House bills: The House is expected to consider several environment-related bills:

- [H.R. 806](#), which would delay deadlines for the EPA’s 2015 ozone standards and has drawn sharp criticism from Democrats. [Catherine Douglas Moran](#) will cover.
- [H.R. 2883](#), which would accelerate the permitting process for cross-border pipelines, transmission lines, and other energy projects. Bloomberg BNA staff will cover.
- [H.R. 2910](#), which would reinforce the Federal Energy Regulatory Commission’s role as the lead agency for siting interstate natural gas pipelines. Bloomberg BNA staff will cover.

Senate energy bill: Senate Energy and Natural Resources Committee Chairman Lisa Murkowski (R-Alaska) will hold a Tuesday [hearing](#) to help build support for comprehensive energy legislation ([S. 1460](#)) she introduced with Sen. Maria Cantwell (D-Wash.), the committee’s ranking member. The hearing will feature testimony from representatives of the American Nuclear Society, International Energy Agency, and Carmot Strategic Group. [Brian Dabbs](#) will cover.

Energy Committee nominations: The Energy and Natural Resources Committee will meet Thursday to consider six Trump administration nominees, including Mark Wesley Menezes to be undersecretary of Energy; Paul Dabbar to be Energy's undersecretary for science; David Jonas to be Energy's general counsel; and Susan Combs to be an assistant secretary of the Interior for policy, management and budget. Rebecca Kern will follow.

Electricity industry: The House Energy and Commerce's Energy Subcommittee will hold a Tuesday hearing on the state of the electricity industry. Panelists include representatives from Duke Energy Corp., NextEra Energy, and American Municipal Power Inc. Rebecca Kern will cover.

Energy technology: The House Science, Space and Technology Committee will hold a Wednesday hearing on how the private sector can commercialize next-generation energy technology to increase efficiency, environmental benefit, and consumer savings. Panelists include representatives from Oklo and AES Energy Storage. Bloomberg BNA staff will monitor.

Resources bills: The House Natural Resources Committee will hold a Wednesday hearing on five bills, including a measure (H.R. 424) that would delist gray wolves from federal Endangered Species Act protections in Minnesota, Wisconsin, Michigan, and Wyoming. Alan Kovski will track.

California cap-and-trade: California lawmakers are scheduled to vote Monday on a bill that would extend the state's cap-and-trade program for greenhouse gas emissions. The measure (A.B. 398) would preserve the basic structure of the existing trading program, which establishes declining annual caps that businesses such as oil refineries, power plants, cement producers, and distributors of natural gas and transportation fuels must meet. California's powerful environmental justice community says the bill is too friendly to the oil industry. Carolyn Whetzel will handle.

Perry at Press Club: Energy Secretary Rick Perry will speak Tuesday at the National Press Club with International Energy Agency Executive Director Fatih Birol. Perry is expected to discuss how the combination of hydraulic fracturing and horizontal drilling for oil and gas will provide energy security for the U.S., as well as trading partners and allies. Rebecca Kern will cover.

Renewable fuels: The Center for Strategic & International Studies will hold a Wednesday forum on the renewable fuel standard. Participants include representatives from Citi Research and Harvard's Kennedy School of Government. Brian Dabbs will monitor.

Children's health panel: The EPA's Children's Health Protection Advisory Committee will discuss lead emissions from aircraft fuel, lead in drinking water, chemical safety, and other issues Tuesday and Wednesday. Sylvia Carignan, David Schultz, and Pat Rizzuto will cover.

Colorado pipelines: An update on a recent flowline notice to operators will be the focus of a Colorado Oil and Gas Conservation Commission industry operations meeting on Tuesday. The commission issued the notice, which required inspections and pressure testing of underground natural gas and oil pipelines within 1,000 feet of homes and other occupied buildings, after a fatal explosion was caused by a severed natural gas line near a home in Firestone in April. Tripp Baltz will watch.

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