

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Fri 12/1/2017 10:44:09 AM
Subject: Morning Energy: Another ANWR wrinkle in tax revamp battle — Murray bashes oil giants as fossil fuel 'enemies' — Pruitt promises new WOTUS rule by mid-2018

By Anthony Adragna | 12/01/2017 05:42 AM EDT

With help from Alex Guillén and Eric Wolff

ANOTHER TAX BILL WARNING OVER ANWR? Even as Senate Republicans scrambled Thursday evening to rewrite their tax package H.R. 1 (115), a small bloc of House Republicans objected to including ANWR drilling in the package — adding a new potential complication for the bill's passage once the chambers head to conference. A dozen House Republicans, six of whom voted for their chamber's bill previously, sent a letter to their party's leaders raising "concerns with any proposal that would implement an oil and gas leasing program" in ANWR though they stopped short of threatening to pull their support for the bill if it was not removed, Pro's Nick Juliano reports.

GOP Reps. Dave Reichert, Brian Fitzpatrick, Carlos Curbelo, Ryan Costello, Pat Meehan and Mark Sanford all backed the tax package on the floor, but are now expressing unease with the ANWR provision, along with six colleagues who opposed the initial bill over issues such as the state and local tax deduction. Remember Speaker Paul Ryan can only afford 10 additional defections from the original November vote tally for the final package to pass, meaning the small bloc holds some juice in the negotiations.

Other former Republican leaders oppose: A group of seven former Republican officials, including the first EPA Administrator William Ruckelshaus and former Interior Deputy Secretary Lynn Scarlett, sent their own letter to congressional leaders warning there's "simply no need to reverse protections" for ANWR and that fiscal projections for revenue are "highly speculative." They added that tacking the provision into the package would "complicate passage of important and vitally needed tax reform."

ICYMI, Senate Republicans tweaked drilling language in their bill to propose selling more oil from the Strategic Petroleum Reserve. What's interesting is the lack of criticism from Republicans who previously been outspoken against such efforts. (EPW Chairman John Barrasso said in 2012 tapping the SPR is "for emergencies — not political disasters.") Sen. Bill Cassidy summed up the party's thinking to ME: "I'm okay with that, because obviously the Strategic Petroleum Reserve is about energy security, and if ANWR is developed that is far more important to energy security than two days of SPR."

WELCOME TO DECEMBER! I'm your host Anthony Adragna, and the State Energy & Environmental Impact Center's Chris Moyer correctly identified Michelle Lujan Grisham as the niece of former Interior Secretary Manuel Lujan now running for office. For today: Which senator once ran the public schools of his state's largest city? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

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MURRAY LABELS OIL GIANTS 'ENEMIES' OF FOSSIL FUELS: Three of the major oil and gas corporations are "enemies" of fossil fuels because of their past advocacy for climate action, including a carbon tax, coal executive Robert Murray said Thursday at a conference hosted by the Heritage Foundation and the Texas Public Policy Foundation. Prompted by comments from TPPF's Brooke Rollins calling their carbon tax advocacy "so disingenuous," Murray declared BP, Shell and Exxon Mobil "our enemies," citing politics and shareholders. "They're not doing our grandchildren justice, those three companies. The other oil and gas companies, they realize that once our enemies get rid of coal, they're next," Murray said. "But those three companies are all about politics and shareholders and I don't buy those products." Oil and gas executive Bud Brigham agreed: "It's cronyism that they chose to have a seat at the table with the government and collusion with special interests a la Elon Musk, etc. It's very disappointing."

Murray math: The coal magnate dropped some eyebrow-raising stats during his appearance, including that he has met with EPA Administrator Scott Pruitt a whopping seven times so far this year. Murray also said he has received 71 death threats, "some serious," although he did not specify over what period those were received.

MORE THAN A LITTLE SHAVE: During his swing to Utah next Monday, President Donald Trump is expected to cut the 1.353-million-acre Bears Ears National Monument down to about 201,400 acres and break it into two new monuments called Indian Creek National Monument and Shash Jaa National Monument, Pro's Esther Whieldon [reports](#), citing [proclamations](#). He'll also divide the existing Grand Staircase-Escalante monument into three parts — Grand Staircase National Monument, Kaiparowits National Monument and the Escalante Canyons National Monument. The action is certain to set off a fierce legal battle almost immediately.

House Natural Resources Chairman [Rob Bishop](#) welcomed the move and pledged to attend the ceremony. "The president has stood against prior abuses of executive power and his administration has demonstrated a commitment to work in concert with local communities to protect unique public antiquities and objects the right way," he said in a statement. But Sen. [Tom Udall](#), joined by Native American and environmental groups, will discuss what they're calling an "illegal abuse of power" during an 11 a.m. telephone press conference today.

ZINKE HEADS TO LOUISIANA: This Saturday Interior Secretary Ryan Zinke heads to Louisiana for events on coastal restoration and the state's plan for addressing it along with Sen. [John Neely Kennedy](#), Cassidy and Rep. [Garret Graves](#). They'll participate in events in Baton Rouge, Thibodaux, and Ama, La.

But faces ads in Washington: The Western Values Project is out with a [six-figure ad](#) this

morning on Fox News and up digitally in Utah urging Trump to reject Zinke's recommendations on national monuments. "One Cabinet member in Washington has become one embarrassment after another for President Trump," it starts. The final line: "Don't let this wannabe cowboy embarrass you once again."

LAST CALL! Today's your last chance to weigh in Interior's vows to redo sage grouse conservation plans. Advocates, including the Audubon Society and the National Wildlife Federation, say they've submitted at least 163,000 already in support of the existing plans. And a group of fish, wildlife and natural resources professionals urged Interior to ensure any changes made to sage grouse management plans are backed up by appropriate science.

PRUITT PROMISES FINAL WOTUS BY MID-2018: Pruitt is due to make remarks to farmers and biofuels groups today in Nevada, Iowa, today fresh off his agency's biofuels decision on Thursday and a swing through Kentucky. During a speech to the Kentucky Farm Bureau Thursday, Pruitt promised a final replacement to the Waters of the U.S. regulation by mid-2018 that he said would focus on "navigability," according to video posted by WHAS. He also met with Kentucky Gov. Matt Bevin.

On his relationship with Trump: "It is a blessing to serve him and my desire each and every day is to bless him as he makes decisions."

GREENS DEMAND DOURSON DOCS: American Oversight and the Environmental Working Group are beginning a joint investigation this morning into EPA chemicals office nominee Michael Dourson's early work at the agency prior to his Senate confirmation. They're sending out six FOIA requests seeking copies of his communication with senior political staff; ethics and recusal documentation; calendar and telephone logs; records of political appointees; discussions about Dourson; contacts with outside groups like Koch Industries and DuPont; and interactions with anyone helping Dourson on his confirmation. "Michael Dourson has been at the EPA for more than a month, and if he's been using his position to help his old clients in the chemical industry, the public needs to know before the Senate votes on his confirmation," Austin Evers, executive director of American Oversight, said. Reminder: Dourson appears to be short the votes needed for Senate confirmation.

FROM FARM TO CAR: EPA issued its rule Thursday making official the Renewable Fuel Standard requirements for 2018 and 2019. Cellulosic ethanol got a 50 million gallon increase because, EPA said in the rule, the agency received updated data that suggested greater production capacity. The requirement is still lower than it was this year.

Biodiesel doesn't lose: Biodiesel producers wished for a larger target, but EPA also abandoned its October threat to make deep cuts. EPA had said that it was concerned about import tariffs, feedstock problems, and the expiration of a biodiesel tax credit crimping supply, and so it wanted to make big reductions. The agency is still concerned about those forces, but, it said, "We find it unnecessary to resolve whether to adopt such interpretations at this point in time because under any approach we would find exercise of these waiver authorities not appropriate based on the record before us."

QUICK SENATE ACTION ON BROWNFIELDS EYED: The House passed legislation [H.R. 3017 \(115\)](#) reauthorizing EPA's Brownfields program Thursday afternoon and Sen. [Jim Inhofe](#) said he thought it could pass by unanimous consent in the Senate in the near future. "There's no one opposed to it that I know of," he told reporters. The bill cleared the House by an overwhelming 409-8 [tally](#) with eight Republicans voting no.

CRITICISM OF PUERTO RICO CONTRACTS: Two former Obama administration officials are out with an [op-ed](#) this morning in POLITICO urging the Trump administration to stop its practice of awarding massive reconstruction contracts in Puerto Rico to single companies, such as Whitefish Energy. And that comes as the top Homeland Security Democrat [Claire McCaskill](#) sent a [letter](#) to FEMA asking questions about why it awarded \$30 million in contracts to a newly-formed Florida company that was unable in the end to complete the work on the hurricane-ravaged island.

WEST VIRGINIA'S SENATORS ON BLANKENSHIP BID: Even as convicted coal baron Don Blankenship released [his first ad](#) in his Senate bid, his possible opponent Sen. [Joe Manchin](#) didn't seem perturbed by his entry "I'd just say, 'jump in, the water's fine,'" he told ME. Republican Sen. [Shelley Moore Capito](#) told ME she expected a lively primary campaign and added: "I was surprised and I said, 'It's a free country.'"

MAIL CALL! DO YOU REMEMBER? Top House Energy and Commerce Democrat [Frank Pallone](#) sent a [letter](#) to Chairman [Greg Walden](#) demanding oversight hearings and investigations into the use of private planes by Trump Cabinet officials. "It is critical that we ensure there are effective Agency controls that exist to prevent the risk of fraud, waste, and abuse related to leadership and staff travel," he wrote. Both Perry and Pruitt used non-commercial aircraft, and their agencies fall under the committee's jurisdiction.

INHOFE ON ENDANGERMENT FINDING: NOW OR NEVER: Though it hasn't come up in his conversations with Pruitt, Inhofe wants his fellow Oklahoman to make a push to overturn the endangerment finding now. "If there's a chance of getting it done, I don't see a downside," he told reporters. "I would recommend he do that."

Inhofe spoke with Pruitt on Tuesday and said he was upbeat. "He's warding off the harassment, the opposition, the death threats and these things," Inhofe said. "He's just real happy in his job."

LOOKING FOR WEEKEND PLANS? Hundreds of faith leaders, environmental activists, native tribes, business owners and others gather on Saturday to encircle the Virginia State Capitol on Saturday in protest of the Atlantic Coast and Mountain Valley pipelines. More information [here](#).

TAKE A GLANCE! Resources for the Future released a study Thursday examining multiple potential alternative versions of Perry's proposed grid resiliency rule and their corresponding impacts to human health, the environment, consumers' cost of electricity and power plant owners' profits. Read it [here](#).

COOL NEW TOOL: ProPublica released an application documenting the military's 40,000 hazardous waste sites across the country. Check it out [here](#).

QUICK HITS

- From Yarn Bunnies to Amazon, Tech Fights Trump Coal Plan. [Bloomberg](#).
- Climate activists delay U.S. gas pipeline approvals: regulator. [Reuters](#).
- Traces of petroleum, lead found in water at Rover Pipeline work site. [MLive](#).
- Workers Finish Cleaning up Nuclear Burial Ground. [AP](#).
- A New Study Offers Further Proof That North Texas Earthquakes Are Drilling- and Fracking-Related. [Texas Monthly](#).
- Citgo formally announces Chavez as new CEO. [Houston Chronicle](#).

HAPPENING TODAY

11:00 a.m. — Sen. Tom Udall, Native American and sportsmen representatives hold call on Trump's national monuments decision, RSVP: Ahenderson@nndoj.org

THAT'S ALL FOR ME!

To view online:

<https://www.politicopro.com/newsletters/morning-energy/2017/12/another-anwr-wrinkle-in-tax-revamp-battle-037561>

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Republicans rewriting tax bill — with fight pushed into Friday [Back](#)

By Seung Min Kim and Colin Wilhelm | 11/30/2017 10:59 AM EDT

Senate Republicans are still scrambling to win over enough votes to pass their massive tax code overhaul, with major changes to the bill still up in the air and debate pushed into Friday.

Senate Majority Leader Mitch McConnell (R-Ky.) said the next vote in the tax debate will come at 11 a.m. Friday, as work continues behind the scenes to win over skeptical deficit hawks and other swing votes.

Multiple GOP senators leaving the chamber after a dramatic late afternoon vote said a key proposal for deficit hawks — a trigger to raise tax rates if sufficient economic growth did not materialize — would not pass procedural muster and would need to find something else to satisfy the bloc of deficit hawk holdouts, led by Sen. Bob Corker (R-Tenn.).

"It doesn't look like the trigger is going to work, according to the parliamentarian," Senate Majority Whip John Cornyn (R-Texas) said. "So we have an alternative, frankly: a tax increase we don't want to do to try to address Sen. Corker's concerns."

Corker told reporters: "My understanding is, that the parliamentarian has ruled against it so they're just going to automatically put [tax increases] in, period." Corker and Sen. Jeff Flake (R-Ariz.) said the revenue raised with tax increases — which senators say would kick in six years after the enactment of the tax legislation — would total about \$350 billion, although Cornyn suggested that figure may need to go higher.

Late Thursday, Republicans huddled with leadership and tax policy staff to work on a solution.

Sen. Thom Tillis (R-N.C.), who supports the current package, estimated that Republicans needed to find an additional \$370 billion to \$400 billion within their package to placate concerns about increased deficits.

"What we're trying to do right now is get to the point where nobody's going to get exactly what they want but enough for us to get the bill passed," he told reporters.

The sudden need to regroup came after extended drama on the Senate floor Thursday during an otherwise mundane procedural vote, when Corker, Flake and Ron Johnson (R-Wis.) initially withheld their support on a vote to move forward with the bill. Ultimately they aligned with their party, but it suggested real concerns remained, including friction among Republicans over whether to stick to the 20 percent corporate tax rate rate insisted on by the White House.

Johnson withheld his vote during the standoff in exchange for votes on his amendments, including one that would further increase a tax deduction for pass-through businesses to around 25 percent.

The legislation would slash the corporate tax rate and lower rates for many, though not all, individuals. Senate Republicans have said their plan would boost the economy but not by nearly as much as some lawmakers hope, a new official analysis shows.

The nonpartisan Joint Committee on Taxation said Thursday that the GOP plan would fall well short of covering its \$1.5 trillion cost through additional economic growth; it predicted \$407 billion in additional revenue would come in by boosting the economy by 0.8 percent over the next decade.

That would mean a \$1 trillion deficit increase, which is problematic for lawmakers like Corker, who has said he would vote against a tax bill that increased the deficit. A Senate Finance Committee aide noted that the analysis was "incomplete" since the bill text has yet to be finalized.

Democrats have blasted Republicans for rushing the bill to the floor while considering significant eleventh-hour changes to the sprawling tax code rewrite.

"This is tax, one of the most complicated issues before us," Senate Minority Leader Chuck Schumer said on the floor Thursday. "These changes and the way the majority leader is handling this make it impossible for any independent analyst to get a good look at the bill and how it would impact our country."

Yet, Sen. John McCain, who gave Republicans a boost earlier in the day when he broke his long silence and said he would back the legislation, signaled he was satisfied with the process, noting the bill went through "a thorough mark-up in the Senate Finance Committee."

The Arizona Republican, who helped tank the party's Obamacare repeal efforts earlier this year, had said going through a regular legislative process was one of his major concerns.

But it was clear Senate Republicans still have myriad issues to resolve in order to lock down at least 50 votes to ensure final passage of the tax bill on the floor. Republicans are using powerful budget procedures to evade a Democratic filibuster.

Other key GOP votes such as Corker, Flake and Susan Collins of Maine have yet to commit to the bill, for varying reasons. And Johnson and Steve Daines of Montana are trying to secure even more generous treatment of small businesses after extracting a boost in an earlier round of negotiations.

Collins plans to offer a half-dozen amendments, including one that would hike the proposed corporate tax rate of 20 percent to restore a deduction for up to \$10,000 for property taxes. She is among a handful of Republican senators who say they are open to raising the proposed corporate rate in order to fund other tax provisions in the bill.

The moderate senator is also seeking to extract some health care assurances because the current tax bill repeals Obamacare's requirement that everyone carry insurance or pay a penalty. She has pushed for two separate health care bills — one to stabilize the markets and another to protect pre-existing conditions and use high-risk pools — to be grafted to a short-term spending bill that would need to pass before government funding expires Dec. 8.

Conservatives in the House Freedom Caucus, a group of about 40 Republicans that frequently buck their party's leadership, rejected the notion of supporting those health care bills.

Members of the group also said they opposed amendments that would raise the proposed corporate income tax rate above 20 percent, and bristled at the idea of a delayed cut, which the Senate's bill does largely due to budgetary rules.

"It's a great strategy if you're looking to put the Democrats in the majority and give them credit for what we did," Rep. Louie Gohmert (R-Texas) said of the Senate's proposed one-year delay to a corporate tax cut.

Brian Faler, Bernie Becker and Elana Schor contributed to this report.

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ANWR drilling in tax bill draws opposition from a dozen House Republicans [Back](#)

By Nick Juliano | 11/30/2017 06:33 PM EDT

A dozen House Republicans raised concerns today about a rider in the Senate tax bill that would allow drilling in the Arctic National Wildlife Refuge.

The lawmakers did not mention the tax bill by name in [their letter](#), and they stopped short of promising to pull their support if ANWR drilling is included. But they said they had "concerns with any proposal that would implement an oil and gas leasing program in the Refuge" and questioned whether new drilling there was necessary.

"Further, the resources beneath the Refuge's Coastal Plain simply are not necessary for our nation's energy independence," wrote Reps. [Brian Fitzpatrick](#), [Dave Reichert](#) and 10 of their GOP colleagues.

Six of the 12 lawmakers already voted against the House tax bill earlier this month, citing objections such as its elimination of the state and local tax deduction.

Opening ANWR is a priority for Sen. [Lisa Murkowski](#), a key swing vote in the upper chamber, which hopes to pass its version of the bill as soon as this week.

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GOP tweaks Arctic drilling language to bump up revenue [Back](#)

By Sarah Ferris | 11/30/2017 11:51 AM EDT

Senate Republicans have reworked language on Arctic drilling in their tax bill to further boost revenue, hoping to resolve a procedural hiccup before the impending passage vote.

Senate Budget Committee leaders have tweaked provisions that would authorize drilling in the Arctic National Wildlife Refuge, altering the language in a way they believe will comply with so-called Byrd rule requirements, a GOP committee aide confirmed today.

The budget panel had expected to raise \$1 billion over a decade by opening up ANWR for drilling. But a report from the CBO, shared internally with budget staffers, estimated it would fall short by about \$366 million, according to a Senate Democratic aide.

The GOP's revised drilling language would propose selling more oil from the Strategic Petroleum Reserve, potentially producing hundreds of millions of dollars in additional revenue, the aide said.

If approved by the Senate parliamentarian today, the new language will be formally added before the high-stakes Senate floor vote on the tax plan, [H.R. 1 \(115\)](#).

The fate of the provision — championed by swing vote Sen. [Lisa Murkowski](#) (R-Alaska) — was [called into question](#) Wednesday after a warning from the parliamentarian.

Each part of the GOP's tax plan must comply with a complex set of budget reconciliation rules that allow the legislation to avoid a Democratic filibuster.

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Documents show Trump set to shrink Bears Ears, Grand Staircase monuments [Back](#)

By Esther Whieldon | 11/30/2017 04:35 PM EDT

President Donald Trump will shrink Utah's Bears Ears National Monument by 85 percent and Grand Staircase-Escalante National Monument by about 41 percent, according to copies of the [proclamations](#) and maps obtained by POLITICO.

Trump is expected to travel to Utah on Monday to make the announcement about the monuments that were established by former presidents Barack Obama and Bill Clinton, and which Utah lawmakers and conservative groups have complained were created over their objections. Trump has called Obama's creation of Bears Ears in the waning days of his presidency an "egregious abuse of federal power."

Both of the Utah monuments contain fossil fuel resources and Trump's move is sure to touch off a legal battle over the president's authority to dramatically alter his predecessors' actions under the Antiquities Act, which environmental groups view as one of the nation's bedrock conservation laws.

Trump's proclamations, which were first [reported](#) by The Washington Post, would cut the 1.353-million-acre Bears Ears down to about 201,400 acres and break it into two new monuments called Indian Creek National Monument and Shash Jaa National Monument. In addition to oil and gas resources, the area also holds uranium deposits.

Trump would divvy the Grand Staircase-Escalante monument into three parts — Grand Staircase National Monument, Kaiparowits National Monument and the Escalante Canyons National Monument — ending protections over swatches of areas high in mineral resources. The land will

remain under federal control.

The newly drawn monuments are "confined to the smallest area compatible with the proper care and management of objects," the proclamations state.

The move will be welcomed by Utah's congressional delegation and other Republican lawmakers who had accused Obama of federal overreach by creating monuments despite local opposition and using the Antiquities Act to head off commercial activity. Obama created dozens of land and marine monuments, protecting more than 5.7 million acres — the most any president has set aside under the century-old Antiquities Act.

Trump's expected order is the latest move in his effort to roll back Obama's regulations and federal decisions that he has said hinder the economy and fossil fuel development.

But Trump's order on the Bears Ears monument, which was created to protect thousands of sensitive archaeological sites, is certain to spark a court fight with tribes and conservation groups that have complained the Native American ruins there were being damaged and would be threatened by oil and gas development in the area.

Environmental groups and tribal organizations are planning a protest at the Utah state capitol this weekend over Trump's planned visit.

Democrats have criticized Interior Secretary Ryan Zinke's review of more than two dozen monuments for being conducted in secrecy, and they have chided Zinke for not releasing copies of his full report to the White House. Senate Minority Whip Dick Durbin had put holds on four of Trump's Interior nominees in order to force Zinke to brief him on the monument plans. He lifted two of those holds after a meeting with Zinke.

Rob Bishop's House Natural Resources Committee in October reported out a bill, H.R. 3390, that would amend the Antiquities Act to more clearly define a president's authority to change monuments. Previous legislative attempts by the Utah delegation to curb federal monuments have failed.

The White House and Interior Department did not immediately respond to requests for comment.

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