

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Bloomberg BNA  
**Sent:** Wed 8/30/2017 8:14:34 PM  
**Subject:** Aug. 30 -- 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.

#### **Refineries' Toxic Gas | Harvey Damage | EPA Economic Reviews**

*Posted August 30, 2017, 7:01 A.M. ET*

*By Chuck McCutcheon*

Houston's hazardous air pollution has spiked as Hurricane Harvey shuts down refineries and petrochemical complexes.

Emergency shutdowns released more than 2 million pounds of harmful pollutants into the air, according to initial reports to Texas regulators.

Affected Houston-areas refineries include ExxonMobil's sprawling Baytown complex, as well as refineries run by Chevron-Phillips, Petrobas, Royal Dutch Shell. It also includes the shutdown of Motiva Enterprises' Port Arthur facility—the nation's largest crude oil refinery.

While the shutdowns may be necessary from a safety perspective, shutting down boilers and other equipment can produce significant amounts of air pollution. Chevron Phillips reported to Texas' Commission on Environmental Quality that the company expects to exceed permitted limits for several hazardous pollutants, such as 1,3-butadiene, benzene, and ethylene, during shutdown procedures.

#### **Energy-Incident Response Headaches**

Harvey also is taxing the various government responses to damaged energy infrastructure.

A 14-inch pipeline in La Porte, Texas, spewed a toxic gas for several hours—just one of the infrastructure incidents challenging regulators as Harvey dumps record-breaking rain on the state. The Texas Commission on Environmental Quality is monitoring oil, gas, and other facilities reporting spills and giving technical guidance to wastewater operators in flood-impacted areas. And the Pipeline and Hazardous Materials Safety Administration is working with pipeline operators to give them better views of the integrity of their facilities.

#### **Model Lacks Clarity: EPA Advisers**

Economic modeling can be confusing—even to EPA's Science Advisory Board.

Its members told the EPA that the agency model for evaluating broad economic costs and benefits of air pollution regulations isn't clear enough to help the public. The analysis is intended to help utilities, industries, and policymakers determine the effects of federal regulations on factors like energy prices and employment.

Board members who met Aug. 29 to discuss their [draft report](#) on EPA's draft economy-wide model asked for clarifications and transparency on the model's shortcomings.

#### What Else?

- "Garbage juice:" North Carolina lawmakers schedule a Wednesday veto-override [vote](#) to allow landfill operators to spray leachate and wastewater into the air to manage solid waste.
- Wisconsin's top environmental regulator is [joining](#) EPA's regional leadership team in Kansas.
- Duke Energy could add 700 megawatts of solar-power capacity to Florida's grid by 2021 and stop billing customers for a halted nuclear project under a [plan](#) filed with state regulators.
- Post-Harvey, federal and state leaders should [pause](#) to make sure money being spent will help prevent future damage, analysts say.

#### Today's Events

- Noon | Women in Green forum | How women [impact](#) the environmental industry
- 2 p.m. | EPA webinar | How drought and other environmental concerns [affect](#) global water quantity and quality
- 3 p.m. | World Resources Institute report | Helping Asia's poorest people [access](#) water pollution information

#### Quote of the Day

"This is a tremendously costly endeavor, and that's why we haven't done it already." — Peter Wilcoxon, head of an EPA Science Advisory Board panel, on finishing a draft report on modeling the economic impacts of regulation.

#### From Our Inbox

- A [list](#) of Harvey resources compiled by the Association of Air Pollution Control Agencies.
- Governments and business may face more lawsuits for failing to prevent damage from floods, heat waves, and other climate change risks, a [commentary](#) published in Nature says.
- A Massachusetts company using ammonia in its refrigeration system is now [complying](#) with federal laws, EPA announces.

#### All About: EPA Gasoline Waivers

The EPA is temporarily relaxing various environmental regulations to pave the way for more gasoline availability in crisis-struck Gulf states. That's because gasoline is needed to offset shortages tied to oil refinery shutdowns and flooding, the agency and governors in Texas and Louisiana say.

But the move is leaving biofuel producers confused.

Administrator Scott Pruitt in recent days gave the go-ahead to gas stations in parts of Texas and Louisiana to sell fuel that breaks environmental rules on smog prevention. Those rules involve arcane regulations on the Reid Vapor Pressure (RVP) of gas—which is used to measure ozone threats—and a type of refinement that limits pollutant emissions.

Pruitt, however, isn't allowing sales of gasoline containing 15 percent ethanol (E15), which is banned from sale in the summer months over RVP concerns. That issue has drawn the most attention to the RVP metric in recent years.

"The waivers issued don't do anything to allow expanded E15 blending," Renewable Fuels Association Executive Vice President Geoff Cooper said in a statement. Cooper said the waiver will allow sales of gasoline without any ethanol, a move that he said "seems odd."

The renewable fuel standard requires biofuel blending into gasoline, and now most gasoline sold nationwide contains 10 percent ethanol.

Pruitt also lifted gasoline requirements for 13 Atlanta-area counties. An agency spokesperson said EPA "is ready to act expeditiously" if extreme and unusual supply problems occur elsewhere.

#### **Around the Web**

WashPost | Flooding has killed more than 1,000 people in Sierra Leone and South Asia.

Popular Science | Where will all the Harvey floodwater go?

NYT | Making, selling, or importing plastic bags in Kenya can now land you up to four years in jail.

Harvard Business Review | How the insurance industry can influence climate-change planning.

—With assistance from Brian Dabbs.

#### **Maryland Wants to Muck Out Exelon Dam to Save Chesapeake Bay**

*Posted August 30, 2017, 8:00 A.M. ET*

*By Leslie A. Pappas*

One "big and dirty flush" from a Maryland dam could wipe out decades of efforts to clean up the Chesapeake Bay.

The Conowingo Dam on the Susquehanna River, a hydroelectric power station owned by Chicago-based Exelon Corp., is no longer blocking pollution from contaminating the Chesapeake Bay, and Maryland is pushing a \$3.9 million plan to start dredging the backed up muck to protect the estuary.

"The sediment has value, but it doesn't have value if it's leaking through the dam into the Chesapeake Bay," Maryland's Secretary of the Environment Ben Grumbles told Bloomberg BNA. "Pollution prevention is the key."

Maryland Aug. 31 is expected to solicit plans to dredge 25,000 cubic yards of the nearly 200 million tons of sediment trapped by the dam as part of a pilot program to reduce pollution. But the program is only the start given that 2 million to 3 million cubic yards of sediment accumulates each year, Roy McGrath, director of the Maryland Environmental Service, told Bloomberg BNA.

While the dredging is only a small step, Grumbles said it's one piece of a "holistic strategy" to restore and protect the Chesapeake Bay.

Dredging could buy Maryland the time it needs to look at steps to reduce upstream pollution that eventually flows into the bay. But removing the 31 million cubic yards of sediment needed to restore the reservoir to 1996 levels would cost nearly \$3 billion, the U.S. Army Corps of Engineers estimated, with another 3 million cubic yards of sediment dredged each year at a cost of \$267 million annually.

"We all need to continue pollution prevention efforts upstream," Grumbles said.

### **Exelon Won't Fund Dredging**

Exelon Generation Co. LLC agrees the problem is upstream pollution, and the company has balked at paying for the dredging operation. Exelon has spent about \$7.8 million studying the issue since 2010, company spokeswoman Deena O'Brien told Bloomberg BNA in an emailed statement. The company found 70 percent to 80 percent of the sediment that washes into the bay during storms comes from upstream sources, and not from the Conowingo Pond.

Maryland has pushed the power company to contribute more to the dredging solution, even threatening to block the company's bid to renew a license from the Federal Energy Regulatory Commission to operate the dam.

"Exelon Generation believes protecting the vitality of the Chesapeake Bay is a multi-stakeholder, multi-state issue," O'Brien said.

The company "will support" Maryland's plan to solicit dredging bids though it will not play a formal role, she said.

### **Diminished Dam Could Drive New Standards**

The dam has reached "dynamic equilibrium," according to a 2016 [report](#) Maryland issued with the U.S. Army Corps of Engineers. Dynamic equilibrium means that over time, the same amount of pollution and sediment flowing into the Conowingo reservoir is also flowing out. That diminished storage capacity means that a million more pounds of phosphorus from the Susquehanna will flow into the bay each year, Grumbles said.

"Some people are fixated on these extreme events," Donald F. Boesch, president of the University of Maryland Center for Environmental Science, which is studying the chemistry of sediment in the bay, told Bloomberg BNA, "but it's the year-to-year pollution that really matters."

That added pollution will make it even harder for Maryland to meet its goals under the Chesapeake Bay watershed cleanup plan, a pollution "diet" that aims to reduce levels of pollutants to certain federal standards by 2025. Maryland is one of six states and the District of Columbia that fall in the 64,000-square-mile watershed and must stay within federally mandated pollution discharge limits known as total maximum daily loads (TMDLs).

When Environmental Protection Agency first laid out those pollution limits in the [2010 Chesapeake Bay TMDL](#), the agency *estimated* the Conowingo trapped 55 percent of sediment, 2 percent of nitrogen, and 40 percent of phosphorus.

The EPA is conducting a midpoint assessment of nitrogen, phosphorus, and sediment levels in the bay to develop the next phase of cleanup, and the Conowingo's reduced capacity may force states to meet even more stringent pollution reduction targets.

### **Dredging's Value Questioned**

While Maryland hopes the dredging plan will buy the time necessary to tackle upstream pollution, some researchers and groups involved in the bay cleanup question whether it is worth the cost.

Pollutants such as nitrogen are water soluble and will pass through the dam whether it gets dredged or not.

The 2016 sediment study by the U.S. Army Corps of Engineers concluded that nutrients from upstream "are a bigger threat to water quality than just the sediment," Sarah Gross, an Army Corps spokeswoman, told Bloomberg BNA in an email.

Dredging the Conowingo Dam "would result in only minor water quality improvements" to the Chesapeake Bay and "would be required regularly, if not annually, to achieve any net improvement," Gross said.

The Chesapeake Bay Foundation, an environmental group focused on the bay's health, *argues* that upstream states such as Pennsylvania and New York must do more to reduce nitrogen, phosphorus, and sediment runoff before it gets into the watershed in the first place.

Joel D. Blomquist, a hydrologist with the U.S. Geological Survey in Baltimore who has monitored sediment for 30 years, said scientists need to learn more about how sediment moves now that the dams have reached a dynamic equilibrium.

"There's legitimate debate around the question of needing to dredge," Blomquist told Bloomberg BNA. "We need to continue to decrease the amount of phosphorus and the amount of fine-grain sediments reaching the Chesapeake Bay," Blomquist said, but "there are multiple strategies to do that."

### **Xcel to Close Coal-Fired Units at Colorado Power Plant**

*Posted August 30, 2017, 02:44 P.M. ET*

*By [Tripp Baltz](#)*

Xcel Energy Inc. plans to close two of its three coal-burning units at the Comanche Generating Station in Pueblo, Colo., as part of a group stipulation to pursue \$2.5 billion in clean energy investments.

The company, in an Aug. 29 filing with the Colorado Public Utilities Commission, said the new generation projects will be identified and selected through a competitive process targeting a mix of utility and independent power producer-owned facilities. Portfolio estimates are up to 1,000

megawatts of wind, up to 700 megawatts of solar and up to 700 megawatts of natural gas, it said.

The filing with the commission was a provision with a coalition of 14 companies and groups to pursue \$2.5 billion in clean energy investments in rural Colorado, the company said. The group of 14 includes the city of Boulder, Climax Molybdenum Co., the Colorado Energy Office, the Colorado Solar Energy Industries Association, the Colorado Building and Construction Trades Council and the Colorado Office of Consumer Counsel.

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