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## **Daily Environment Report**

### **Afternoon Briefing - Your Preview of Today's News**

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#### **Trump to Withdraw U.S. from Climate Accord**

*Posted June 01, 2017, 03:52 P.M. ET*

*By [Jennifer A. Dlouhy](#)*

President Donald Trump announced the U.S. would withdraw from the Paris climate pact and that he will seek to renegotiate the international agreement in a way that treats American workers better.

“So we are getting out, but we will start to negotiate and we will see if we can make a deal, and if we can, that’s great. And if we can’t, that’s fine,” Trump said Thursday, citing terms that he says benefit China’s economy at the expense of the U.S.

Trump’s announcement, delivered to cabinet members, supporters and conservative activists in the White House Rose Garden, spurns pleas from corporate executives, world leaders and even Pope Francis who warned the move imperils a global fight against climate change.

“In order to fulfill my solemn duty to protect America and its citizens, the United States will withdraw from the Paris climate accord, but begin negotiations to re-enter either the Paris accord or really an entirely new transaction on terms that are fair to the United States, its businesses” and its taxpayers, Trump said.

Although cast as a final decision, the announcement only prolongs uncertainty over the U.S. role in an agreement among almost 200 nations to address global warming. Trump is kicking off a withdrawal process that will take until November 2020 to unfold—creating an opening for him to reverse course and injecting it as an issue in the next presidential election.

Under the terms of the deal, the earliest the U.S. can formally extricate itself from the accord is Nov. 4, 2020—the day after the next presidential election. And Trump would have wide latitude to change his mind up until that point.

Trump, who has called climate change a “hoax,” campaigned on the pledge to exit the 2015 pact, and criticized it as “one-sided” against U.S. interests. White House legal advisers and some

Republican lawmakers had warned that staying in the accord could undercut Trump's efforts to rescind rules on power-plant emissions and fuel efficiency.

The agreement "front-loads costs on the American people to the detriment of our economy and job growth while extracting meaningless commitments from the world's top global emitters, like China," a White House memo distributed Thursday said. "The U.S. is already leading the world in energy production and doesn't need a bad deal that will harm American workers."

Under the terms of the agreement, nations can adjust their emissions targets and their pledges vary widely. For instance, where the U.S. pledged to cut greenhouse gas emissions by at least 26 percent from 2005 levels, China said it would only begin reducing its emissions by about 2030. And India said it would only reduce the carbon intensity of its economy, meaning the nation's emissions would continue to rise.

Conservative groups quickly applauded Trump's decision.

"By not succumbing to pressure from special interests and cosmopolitan elites, the president demonstrated he is truly committed to putting America's economy first," Michael Needham, the chief executive officer of Heritage Action, said in a statement.

Environmentalists blasted the decision, saying it would turn the U.S. into an international pariah on climate change, even though it would not halt a global clean-energy revolution.

"The world has already resolved to act on climate, the renewable-energy industry is growing exponentially, and people all over the globe are becoming part of the clean energy future," said Greenpeace USA Executive Director Annie Leonard. "Progress will continue with or without Donald Trump, but he is making it as painful as possible for people around the world."

The move will have significant environmental and diplomatic consequences. As the richest nation and the second-largest emitter of carbon dioxide, the U.S. is central to efforts to address global warming. The Vatican, European leaders and companies as diverse as Exxon Mobil Corp. and Microsoft Corp. had urged the president to remain in the pact, with last-minute appeals by Tesla Inc.'s Elon Musk and Apple Inc.'s Tim Cook.

Corporate leaders have warned of long-term economic consequences, arguing that a withdrawal would put the U.S. at a disadvantage in the global race to develop and deploy clean-energy technology. They argued a U.S. exit also risks a backlash against American products, raising the specter of consumer boycotts or carbon tariffs from the European Union, China and other nations. Twenty-five companies, including Intel Corp., Microsoft and PG&E Corp., signed onto a letter that ran as a full-page advertisement in the New York Times on Thursday warning of potential "retaliatory measures."

"We respect President Trump's decision and will continue to work closely with his administration on issues related to energy policy," Royal Dutch Shell Plc, a supporter of the Paris accord, said in a statement.

"Shell recognizes that climate change is a challenge that belongs to all of society – not one individual or one country," the statement read. "For our part, we will continue to take internal actions and convene important conversations that acknowledge our role in providing more and cleaner energy."

Congressional Democrats quickly condemned the decision on the Paris accord. "Trump is betraying

the country, in the service of Breitbart fake news, the shameless fossil fuel industry, and the Koch brothers' climate denial operation," said Sen. Sheldon Whitehouse, a Democrat from Rhode Island.

Sen. Chris Murphy, a Democrat from Connecticut, tweeted "Dear planet, we're sorry. Please just hang on for three and a half more years and we'll fix this. We promise."

The debate whether to exit the agreement played out for months in the White House. Environmental Protection Agency Administrator Scott Pruitt and chief strategist Stephen Bannon pushed for an exit. Those arguing to stay included Trump's daughter, Ivanka Trump, and Secretary of State Rex Tillerson. Energy Secretary Rick Perry endorsed a renegotiation.

The Paris accord is broader than any previous climate agreement. It calls for reducing carbon dioxide emissions in hopes of limiting global warming to 2 degrees Celsius (3.6 degrees Fahrenheit) above temperatures at the outset of the Industrial Revolution. That's the upper limit scientists have set to keep climate change from hitting an irreversible tipping point, unleashing catastrophic floods, droughts and storms.

The immediate effect on U.S. companies and consumers is muted.

Trump has already moved to dismantle regulations and government programs to fight global warming. He ordered a review of fuel-economy standards for cars and light trucks, which along with other vehicles are the U.S.'s largest source of greenhouse gases. And he set in motion a process to scrap the Clean Power Plan, which would have required utilities to slash their carbon-dioxide emissions. The EPA is also moving to rescind rules to prevent methane leaks.

Technically, Trump can't withdraw from the accord immediately. Under its terms, he must wait until November 2019 to formally submit his bid to quit. It will take another year after that before the U.S. is actually out.

Withdrawal would put the U.S. in league with just two other nations—Syria and Nicaragua—that are not participating in the agreement.

U.S. climate efforts won't completely cease just because Trump is walking away from Paris.

States including California, New York and Massachusetts continue to move forward with aggressive policies to cut carbon emissions. Anheuser-Busch InBev NV, Amazon.com Inc., Alphabet Inc.'s Google and other companies continue their push to power their facilities with wind and solar energy. Low-carbon wind, solar and natural gas are so cheap that the Department of Energy is studying what it can do to help ailing, older coal and nuclear plants.

--With assistance from Joe Ryan, Justin Sink, Jennifer Jacobs, Jennifer Epstein and Steven T. Dennis.

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## **EU Chemicals Agency Says Animals Used In 11% of REACH Data**

*Posted June 01, 2017, 03:33 P.M. ET*

*By Stephen Gardner*

Methods to generate chemical safety data that don't require tests on animals are widely used by companies seeking to fulfill their obligations under the European Union's REACH regulation, the European Chemicals Agency said in a [report](#) published June 1.

However, new animal tests were used to generate 11 percent of the toxicological data contained in nearly 7,000 REACH registration dossiers that the agency analyzed for the report, despite a requirement in REACH that animal testing should only be done as a last resort. Companies that operate in Europe such as 3M, Albemarle and BASF must obtain approval from the chemicals agency for new animal tests under REACH.

Other chemical safety data came either from pre-REACH studies involving animals, or from non-animal methods, with 89 percent of registration dossiers containing at least some information from alternative approaches, the chemicals agency said.

The report also said that in many cases, chemical safety data generated from non-animal approaches had "quality deficiencies." Companies should be more rigorous when using read-across, or the prediction of the properties of substances from data on similar substances, the agency said.

Geert Dancet, executive director of the European Chemicals Agency, said companies planning to register chemicals by the final REACH deadline of May 31, 2018 should avoid animal tests, but "registrants need to improve the quality of the alternative data."

Under REACH (Regulation No. 1907/2006 on the registration, evaluation and authorization of chemicals), companies must submit dossiers containing information on the properties and safe use of chemicals to the European Chemicals Agency as a condition of access to the EU market. Deadlines for registration of high- and medium-volume substances passed in 2010 and 2013. The 2018 deadline applies to low-volume and specialist chemicals.

#### **Read-Across**

Quality problems with read-across approaches included lack of clarity on substance identity, the low quality of studies used as the source of read-across data, and "shortcomings in the toxicological hypothesis," the report said. Companies could consider cross-checking read-across results with other non-animal approaches, the report suggested

Read-across methods have been used to provide data related to human health, such as on the reprotoxic effects of chemicals, the agency said.

Erwin Annys, product stewardship manager with the European Chemical Industry Council, told Bloomberg BNA June 1 that the use of read-across had been held back because when companies were submitting REACH dossiers for high- and medium-volume substances, "the framework for assessing read-across had yet to be developed" by the chemicals agency.

"The European chemicals industry supports all alternatives to animal testing," but "some of these alternatives will materialize later than hoped for," Annys said. The chemicals agency has had an assessment framework companies can use to check their use of read-across approaches since 2015.

The campaign group People for the Ethical Treatment of Animals said despite the REACH requirement to minimize animal tests, about 1 million animals had been used in tests to generate data for REACH compliance purposes.

The results of animal tests are “often misleading” because of the physiological differences between animals and humans, PETA said.

## **EU Court Limits Environmental Liability Exemption**

*Posted June 01, 2017, 02:59 P.M. ET*

By [Stephen Gardner](#)

Companies in the European Union that cause harm to water bodies cannot rely on permits issued before the bloc’s Environmental Liability Directive took effect to dodge the directive’s provisions, the EU Court of Justice ruled June 1.

In a case referred from an Austrian court, the Court of Justice said that under the EU Environmental Liability Directive (ELD, 2004/35/EC), a hydropower plant should be liable for ongoing damage to a stretch of river, even though it was operating in line with an environmental permit granted by Austrian authorities in 1998.

The 2004 directive requires EU countries to make polluters legally and financially responsible for remedying environmental damage to protected species and natural habitats.

The EU court said it was “common ground” that the hydropower plant had caused “excess fish mortality” because of “major fluctuations” in the water level of a river in southeastern Austria after April 30, 2007, when Austria was required to have adopted the provisions of the ELD into its national law.

A court in Austria in 2012 found that the power plant operator, Wasserkraftanlagen Müzzuschlag GmbH, was not liable for damages, saying Austrian law containing provisions of the ELD excluded damage to water bodies where the activities that caused the damage were covered by a prior authorization.

But the EU court said “the mere fact that it is covered by an authorization” did not mean that the harm caused by the hydropower plant should not be considered “environmental damage” in line with the ELD.

The judgment is “an important ruling and confirms the commission’s interpretation of the requirements of the directive on environmental liability,” Enrico Brivio, a spokesman for the European Commission, the EU’s executive, told Bloomberg BNA June 1.

Anton Lazarus of the European Environmental Bureau called the ELD “a crucial EU tool” to hold polluters to account, and “any ruling that strengthens this law is to be warmly welcomed.”

The EU Court of Justice referred the case back to the Austrian Administrative Court for a final ruling on the dispute about the environmental impact of the power plant’s activities.

## **Taiwan Approves Four-Year Plan to Double Wind Power**

*Posted June 01, 2017, 02:23 P.M. ET*

By [Yu-Tzu Chiu](#)

Taiwan approved a plan June 1 to double its installed wind power capacity over the next four years.

The government will build or back wind farms onshore and set up model wind farms in near-shore areas with a goal of increasing Taiwan's installed wind-power capacity from 652 megawatts to 1.334 gigawatts, it said.

"Government initiatives to promote solar and wind power are crucial for Taiwan to conduct energy transition, phase out energy power, and develop green energy industries," Hsu Kuo-yung, a spokesman for the Taiwan Cabinet, said at a news conference.

The government has a long-range goal of reaching 4.2 gigawatts of installed wind power by 2025, and that could spur investment from the private sector worth 613.5 billion Taiwan dollars (\$20.4 billion), said the Ministry of Economic Affairs.

Taiwan President Tsai Ing-wen, since her inauguration in May 2016, has called for generating one-fifth of Taiwan's total power from renewable energy by 2025, as part of an effort to phase out nuclear power.

Taiwan hopes to increase its total sustainable energy capacity to 27 gigawatts by 2025, including 20 gigawatts from solar energy, 4.2 gigawatts from wind energy, and the remaining from biomass, geothermal energy, hydropower and hydrogen energies.

## **Finland Launches Subsidies for Energy-Intensive Businesses**

*Posted June 01, 2017, 02:07 P.M. ET*

*By [Marcus Hoy](#)*

Energy-intensive industries in Finland can apply for subsidies to compensate for higher electricity prices caused by the European Union's greenhouse gas emissions trading program under a new state aid initiative that took effect June 1.

Finland's subsidies, which will cover the years 2016 through 2020, join similar programs in at least eight other European Union countries, according to Kati Ruohomaki, senior adviser on energy and climate issues at the Confederation of Finnish Industries. Finland's subsidies are set at a level around half of the maximum allowed amount under the EU's Emissions Trading Directive (2003/87/EC), she said in a statement.

According to information provided to Bloomberg BNA by the Ministry of Economic Affairs and Employment, companies do not need to be participants in European Union's Emissions Trading System (ETS) in order to qualify for subsidies.

Instead, companies in sectors such as iron, steel, and chemical manufacturing as well as producers of fertilizers and textiles will be eligible if they face electricity price hikes due to a power company's participation in the scheme. Eligibility also can be based on the price of emission allowances or production volumes. Companies operating in eligible sectors must submit subsidy applications for 2016 by Sept. 30.

Around EUR 43 million (\$48 million) is expected to be made available in 2017, the Ministry said, and the current estimate for available aid between 2018 and 2021 is around EUR 30 million per year.

However, this figure may be revised if the price of emission allowances changes.

Finland's subsidies are "not a perfect solution" because nation-based aid programs can distort markets between countries, Ruohomaki said.

"It would be better to have a fully harmonized compensation system inside the ETS scheme, but unfortunately this looks unlikely to be realized," she said.

### **Obama EPA Chief Joins Environmental Equity Firm as Adviser**

*Posted June 01, 2017, 12:45 P.M. ET*

By [Brian Dabbs](#)

Former EPA Administrator Gina McCarthy is joining an investment firm, marking a departure from three decades in the public sector.

Pegasus Capital Advisors, which invests in companies spanning the environmental spectrum, took on McCarthy as an operating adviser, the firm announced June 1. The firm partners with the United Nations and private networks, such as the Clinton Global Initiative, to spur environmentally conscious practices, according to its [website](#).

"I'm excited to put my public service and academic experience to use in the private sector, which is increasingly where most innovation is happening," McCarthy said in a news release.

McCarthy led the Environmental Protection Agency from 2013 through the end of the Obama administration. Prior to that, she led the agency's Office of Air and Radiation.

### **Italy Switches on Five New Subsidy-Free Solar Power Plants**

*Posted June 01, 2017, 11:39 A.M. ET*

By [Jessica Shankleman](#)

Octopus Investments Ltd. started generating power from five subsidy-free solar plants in Italy in the latest sign that clean-energy can be profitable without government support.

The plants have a two-year fixed power price agreement in place with Italian power trader Green Trade SA, said Matt Setchell, head of renewable energy investments at Octopus, in a phone call. The plants are located in the Montalto di Castro region of Italy and have a combined capacity of 63 megawatts. Panels were supplied by Canadian Solar Inc.

"Renewable power doesn't always need the government," Setchell said. "It's being driven by demand, rather than subsidy."

Globally, solar prices have fallen by 62 percent since 2009, with every part of the supply chain trimming costs. That's help cut risk premiums on bank loans, and pushed manufacturing capacity to record levels. By 2025, solar may be cheaper than using coal on average around the globe, according to Bloomberg New Energy Finance.

Europe currently has a handful of subsidy-free solar plants, located in Spain and Italy, according to

Lara Hayim, at the London-based researcher. Those projects do run the risk of “cannibalizing” themselves by producing large volumes of solar energy, that in turn, can depress the high wholesale power prices that the projects rely upon, she said.

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## **The Country Adopting Electric Vehicles Faster Than Anywhere Else**

*Posted June 01, 2017, 8:01 A.M. ET*

By *Matthew Campbell*

Since the 14th century, Akershus Fortress has protected Oslo from raids by bloodthirsty Swedes. Now a Cold War bomb shelter in its basement is being repurposed to help save the Norwegian capital from more insidious foes: pollution and global warming. Starting this month, electric car owners will be able to drive down a narrow ramp between rough-hewn rock walls dripping with condensation and plug in at one of 86 charging stations—for free.

The facility will get plenty of use as Norwegians switch to electric vehicles faster than anyone else on the planet. More than a third of all new cars are either fully electric or plug-in hybrids, well over 10 times the proportion in the U.S. With about 100,000 electrics on the road, Norway (population 5 million) trails only the U.S., China, and Japan in absolute numbers. By 2025, the government has suggested, there may be no gasoline- or diesel-powered cars sold in the country. “It’s safe to say that Norway is the first mass market for EVs,” says Sture Portvik, the city official overseeing the Akershus garage.

Norway’s electric vehicle boom has been built on generous government incentives. EVs are exempt from car-purchase taxes and the 25 percent sales tax levied on just about everything else, and they get a break on annual fees. Drivers plug in for free at municipal power points, generally don’t pay tolls, and can use bus lanes to avoid traffic. On ferries across Norway’s deep fjords, electrics travel at no cost. It’s no surprise, then, that Norwegians call gasoline-powered vehicles fossilbiler—fossil cars.

The subsidies were introduced in the 1990s to support a fledgling, and never particularly successful, domestic electric vehicle industry. “There was hardly anything to buy,” so few people took advantage of the perks, says Christina Bu of the Norwegian EV Association, a consumer group with 40,000 members. The incentives were still on the books when the first truly competitive options, the Nissan Leaf and the Tesla Model S, were introduced about five years ago. Suddenly, “the market expanded before politicians realized what was going on,” Bu says.

Norway’s plug-in leader per capita is the municipality of Finnoy, where 281 cars out of a total of 1,508—or 19 percent—are fully electric, compared with 4 percent nationally. One big reason: Battery-powered cars don’t pay the \$18 toll for the tunnel leading to the town. Early on, many Norwegians considered electrics only as a second car and kept a conventional vehicle for long-distance driving, says Pierril Pouret, who leads Nissan Motor Co.’s plug-in business in the Nordic region. But as ranges improve, “we’re arriving at the moment when the majority of the market is about to shift to EVs,” he says.

Before politicians elsewhere seek to emulate Norway, they should consider its special circumstances. Most important: the electricity. In much of the world, more power means more coal, but Norway’s dramatic landscape provides as much cheap hydroelectricity as its small population needs, so plug-ins don’t strain the grid. Gas costs about \$7 a gallon at local pumps, and the tax

exemptions are compelling because the country has long levied auto taxes that can double the price of a new set of wheels. “Pay for two cars, get one,” goes a weary maxim.

There’s a problem at the heart of the whole endeavor: If the rest of the world copied the country overnight, the Norwegians would be out of business. Norway is Western Europe’s largest oil and gas exporter, and the revenue lost from tax breaks on Teslas is dwarfed by the \$15 billion-plus the government receives annually from the country’s energy sales. Even as Norway tries to reduce emissions on the road, state-controlled Statoil ASA is expanding oil exploration, pushing farther into the Arctic Sea. “We have a very hypocritical policy,” says Daniel Rees, an adviser on transportation and the environment for the opposition Green Party. “The government is trying to create this image that we are a leader in saving the world from climate change, when we are actually one of the main contributors to it.”

The man in charge of Norway’s EV policies argues there’s no contradiction between drilling for oil with one hand and plugging in cars with the other. “Yes, we made a lot of money on oil, but we know there are downsides to the product, and we try to take the world to the next level,” says Transport Minister Ketil Solvik-Olsen. A member of the libertarian-leaning Progress Party, Solvik-Olsen is a car guy: Every spare surface in his Oslo office is covered with toy Chevrolets, Ferraris, and Mercedes-Benzes, and he drives a 1985 Cadillac Seville. Yet he concedes the end of the gasoline era is nigh. “It’s not like the world is not going to need oil in 10 years, but maybe you’re not going to use it for transportation,” he says.

Lately, Norwegian officials have begun curbing the incentives. With 17,000 EVs in Oslo alone, blanket exemptions from tolls and carte blanche access to bus lanes can seem a little excessive. Opposition politicians have suggested capping the tax relief available for plug-in purchases so the subsidies cover a smaller slice of the sticker price for, say, high-end Teslas. And the central government in the past year has started giving municipalities the option of watering down some of the advantages. Solvik-Olsen says most of the incentives will disappear once they’ve done their job. “We may have to do this for three, four, five more years,” he says, “but from then on, the market will be in place.”—With Sveinung Sleire

The bottom line: More than a third of new cars in Norway are electrics or plug-in hybrids, thanks to breaks on taxes, tolls, and lane restrictions.

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