

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Wed 11/15/2017 10:46:09 AM
Subject: Morning Energy, presented by Chevron: Mixed signals from U.S. as world leaders arrive in Bonn — More shots fired in RFS fight — Senate panel votes on ANWR measure today

By Anthony Adragna | 11/15/2017 05:44 AM EDT

With help from Sara Stefanini, Eric Wolff and Alex Guillén

POLITICAL COPS HIT THE CLIMATE BEAT: Politicians roll into Bonn, Germany, today to take over the final three days of the COP23. The opening ceremony will include German Chancellor Angela Merkel, French President Emmanuel Macron, and U.N. Secretary General António Guterres around 10 a.m. EST. The goal over the remaining days of the summit is to make as much progress as possible on the complex rules supporting the Paris climate agreement.

No Bonn voyage: Citing "[a family emergency](#)," career State Department diplomat Tom Shannon will no longer arrive in Bonn today to lead the U.S. delegation to the climate talks, Pro's Emily Holden [reports](#). Other delegations had been anxiously waiting to see what tone and direction he'd set for the U.S. at the talks. Leading the delegation in his place will be Judith Garber, acting assistant secretary of State for oceans and international environmental and scientific affairs.

Optimism among other diplomats: Career U.S. diplomats negotiating technical elements of the deal with their foreign counterparts have stuck to many of the same stances they did under the Obama administration and that's raising hopes the Paris accord will survive the presidency of Donald Trump, POLITICO's Emily Holden, Kalina Oroschakoff and David Siders [report](#). Christiana Figueres, a former United Nations climate envoy who helped orchestrate the Paris climate agreement's adoption two years ago, said that in the long-term effort to reduce greenhouse gas emissions, Trump is "going to be a blip" in history.

Walking the line: Dave Banks, Trump's energy adviser, argued the U.S. policy on fossil fuels is totally separate from what American diplomats are discussing in negotiation halls. The administration hasn't made any effort to start renegotiating the agreement, which would have set off an immediate diplomatic fray. And Banks said Shannon would not have pushed the administration's coal efforts if he made the trip. "So you think he's going to say, 'We're going to promote coal'? No, that's a policy discussion. It's not a negotiation," Banks said.

How one senior African negotiator summed up the situation for career State diplomats: "I think the mandate is not to be a blocker. They engage, but in the end they're not the ones calling the shots," he said.

WELCOME TO WEDNESDAY! I'm your host Anthony Adragna, and ME led you astray with an imprecise trivia question. Alaska has the most federal land by acreage and Nevada has the greatest percentage federal land within its border. Sorry! For today: Which former congressman was convicted of voter fraud by forging ballots at a nursing home? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#), and [@POLITICOPro](#).

NET NEUTRALITY 101: The long-running fight over net neutrality, which pits telecom giants against tech companies, is heating up at the Federal Communications Commission. To understand what the fight is all about and where it's headed, check out POLITICO's latest explainer video featuring technology reporter Margaret Harding McGill and the artwork of Pulitzer Prize-winning cartoonist Matt Wuerker. Click [HERE](#) to watch.

New for Pros! The Pro app brings real-time policy intelligence and customizable notifications to your smartphone and tablet. [Download the Pro app for iPhone and iPad](#) | [Get the Pro app on Google Play](#).

ANWR SET TO CLEAR COMMITTEE: The Senate Energy Committee [convenes](#) at 9 a.m. to consider [reconciliation legislation](#) offered by Chairman [Lisa Murkowski](#) that would open a small part of the Arctic National Wildlife Refuge to oil and gas development. The CBO [estimates](#) the package would raise \$1.092 billion over the 10-year budget window, though Democrats and public lands groups say that overestimates how much lease sales could raise. Expect the package to pass on a largely party-line vote with West Virginia Democratic Sen. [Joe Manchin](#) likely to vote in favor.

ME first — New ad blitz launched: The League of Conservation Voters is unveiling a \$550,000 television ad campaign in the districts of Republican Reps. [Erik Paulsen](#), [Bruce Poliquin](#), [John Katko](#) and Washington today opposing the effort to open ANWR to drilling. Watch it [here](#).

BISHOP: SOMETHING'S GOTTA GIVE: Don't expect Congress to send tens of billions in relief funds to Puerto Rico until the island's government and a congressionally created independent financial oversight board are able to work together, House Natural Resources Chairman [Rob Bishop](#) told reporters. "If they don't do that, then it's going to be a very difficult ask to ask this body to appropriate a whole bunch of money without some kind of guarantee that things will be different," he said. "The power struggle has got to stop if they expect Congress to actually come up with the money." Bishop said he doesn't think additional legislation is necessary to improve that relationship, but he's willing to insert language into forthcoming spending packages if necessary.

What about Whitefish? Bishop's not worried about the details of the now-cancelled contract, but wants to ensure the process that led to it is never replicated. "The details of Whitefish and PREPA are insignificant — that's history," he said. "The process that created Whitefish cannot happen again and cannot be replicated. This is what's bothersome to me." He declined to say whether Ricardo Ramos, the head of the utility who inked the Whitefish deal, should be fired.

That comes as [documents](#) showed the utility ignored advice from its law firm of Greenberg Traurig to include language in the contract that would cap the amount of money Whitefish Energy could charge, allow PREPA to terminate the agreement for any breach of contract and make Whitefish responsible for paying Puerto Rican taxes, Pro's Ben Lefebvre [reports](#).

CRUZ TO IOWA: COME TO THE TABLE OR NORTHEY GETS IT: Sen. [Ted Cruz](#),

having seemingly failed to secure a meeting with Midwestern senators brokered by the White House, has turned to newly fledged Iowa Gov. Kim Reynolds to try and bring corn-staters to the table. Cruz wrote to Reynolds Tuesday to explain why he has put a hold on the nomination of Iowan Bill Northey to become an undersecretary for the Department of Agriculture. He cites high costs of biofuel credits in the Renewable Fuel Standard that refiners in Texas and elsewhere say is hurting their bottom line (Reuters reported yesterday that at least one refinery is selling off high priced credits to meet debt payments). "Both sides of the debate must negotiate in good faith to find a mutually agreeable solution to secure the fate of liquid fuels in America," Cruz wrote.

You started it! Cruz said Iowa Sens. Joni Ernst and Chuck Grassley blocked "multiple EPA nominations (and threatened to do the same to judicial nominations)" to protect the RFS from EPA interference. Ernst blocked only EPA air chief Bill Wehrum. The rumor that Grassley, who chairs the Senate Judiciary committee, threatened to block judicial nominations has circulated for months. A spokesman told ME that the Iowa Republican "did not place a hold on any EPA nominee and has not threatened to place a hold on any judicial nominee."

What about that meeting? Cruz and eight colleagues wrote to Trump last month asking the White House to broker a meeting with the Midwestern senators within three weeks. Three weeks is up today, and as of Monday, aides to two Midwestern Senators said they had received no outreach from the White House to set up a meeting.

**** A message from Chevron:** When an endangered butterfly was found near a Chevron refinery, we protected the habitat and still plant the only thing they eat—buckwheat. Watch the video: <http://politi.co/2yQ8q7z> **

PAGING GRASSLEY: It's not just Cruz you have to worry about. Sen. Lamar Alexander, one of the chamber's top wind energy critics, took aim at the production tax credit in a floor speech Tuesday. The Senate Finance Committee is expected to begin processing amendments today to its tax bill, and Alexander said the wind incentive should go on the chopping block. "I'm here today to challenge my colleagues to be willing to consider all energy subsidies for mature technologies - wind, solar, oil and gas - as candidates for elimination in a tax reform bill," he said. "These dollars could be better spent to lower rates for taxpayers." Senate tax-writers did not follow the lead of their House counterparts and left the PTC alone in their tax bill, and Grassley, a senior Finance Committee member, is likely to make sure it stays that way after the markup.

Green group targets bill: The Sierra Club launched a digital ad campaign urging 29 House Republicans to oppose the chamber's tax package H.R. 1 (115). "The GOP's plan even manages to raise taxes on the middle class, while sneaking in an outrageous attack on the Arctic Refuge by opening it up for drilling," Melinda Pierce, the group's legislative director, said in a statement.

FOR YOUR RADAR: Vice President Mike Pence joins Energy Secretary Rick Perry, FEMA Administrator Brock Long and Texas Gov. Greg Abbott in Austin for a briefing on recovery efforts from Hurricane Harvey today at 1:40 p.m. EST.

VOTE EXPECTED ON MINE SAFETY PICK: A final vote is scheduled for noon today to

confirm David Zatezalo to be assistant secretary of Labor for Mine Safety and Health. Majority Leader [Mitch McConnell](#) hailed his "keen understanding of the challenges and risks sometimes associated with mining" on the floor Tuesday and said "this firsthand experience will serve him well in his new role." The cloture vote was 52 to 45.

House clears flood insurance, final NDAA bills: Lawmakers cleared by a 237-189 [vote](#) legislation [H.R. 2874 \(115\)](#) would reauthorize and overhaul the National Flood Insurance Program, which has struggled to meet its obligations to policyholders in the midst of a string of hurricanes, Pro Financial Services' Zachary Warmbrodt [reports](#). The House also passed a compromise defense policy bill [H.R. 2810 \(115\)](#) that includes language requiring a study of the threats posed by climate change to military installations by a 356-70 vote, Pro Defense's Connor O'Brien [reports](#).

SASC CLEARS ARMY CORPS NOM, EPW UP NEXT: The Senate Armed Services Committee on Tuesday gave the green light to R.D. James' nomination to run the Army Corps of Engineers, but thanks to the Corps' dual role in water policy, he also has to clear the Environment and Public Works Committee before he can hit the floor. An EPW spokesman said the hearing for James will happen sometime in December, though that timeline means a committee vote may not happen until the new year.

HEARING ROUNDUP — E&C SUBPANEL VOTES ON AIR BILLS: The House Energy and Commerce Environment Subcommittee today [marks up](#) legislation on the brick MACT [H.R. 1917 \(115\)](#), wood heaters [H.R. 453 \(115\)](#), racing vehicles [H.R. 350 \(115\)](#) and a bill [H.R. 1119 \(115\)](#) meant to help waste coal-to-energy power plants cope with the Cross-State Air Pollution Rule and the mercury rule. That vote takes place at 10 a.m. in Rayburn 2123.

Science panel tackles research bills: The full House Science Committee marks up a series of bills today, including one [H.R. 4376 \(115\)](#) making upgrades to DOE research capacities and another [H.R. 4378 \(115\)](#) boosting nuclear energy research infrastructure. The [session](#) convenes at 10 a.m. in Rayburn 2318.

EPW looks at reducing emissions: Senate EPW holds a hearing entitled "Promoting American Leadership in Reducing Air Emissions Through Innovation" at 10 a.m. in Dirksen 406. Look for the National Association of Manufacturers to call for Congress to "work with the EPA to fix [the New Source Review program] so that it functions properly and does not stand in the way of efficiency." Watch [here](#).

MAIL CALL! RESTORE CLIMATE WEBPAGES: Seven members of the Senate Democratic caucus asked EPA Administrator Scott Pruitt in [a letter](#) to restore a series of removed webpages on climate change and for explanations of modifications. "These latest website alterations are part of a sequence of disturbing EPA actions that appear designed to censor dialogue about climate change in the United States," the group, led by [Cory Booker](#), wrote.

WHAT A WASTE: The Environmental Defense Fund is out with a [new report](#) finding wide discrepancies between flaring rates among the top 15 oil and gas producers working in the Texas

Permian Basin and concluding the industry continues to struggle to tamp down on natural gas waste.

NEW LIFE FOR OLD MINES? The Rocky Mountain Institute released new research on how to evaluate old mining sites for potential renewable energy siting opportunities. Link [here](#).

TAKE A GLANCE! The Federalist Society launched the [Regulatory Transparency Project](#), which it aims to "foster a national discussion about where government regulation seems to be doing more harm than good."

MOVERS, SHAKERS: Members of New Jersey Gov.-elect Phil Murphy's transition team on environmental and energy issues include: former NRG Energy CEO David Crane, former John Kerry senior advisor Kathleen Frangione, Earthjustice VP Lisa Garcia and former state Board of Public Utilities President Jeanne Fox, according to [NJ.com](#).

QUICK HITS

— Grand Staircase-Escalante monument will be pruned by half, Hatch official says. [Salt Lake Tribune](#).

— LG&E and KU credits LED lights as it announces plans to shut down two coal-burning units. [Louisville Courier Journal](#).

— Climate Change and Water Woes Drove ISIS Recruiting in Iraq. [National Geographic](#).

— Lawsuit Seeks to Stop Work on Appalachian Gas Pipeline. [AP](#).

— Trump's team may move the Bureau of Land Management headquarters to Salt Lake City. [Salt Lake Tribune](#).

— 61 EPA Staff Have Left Chicago Office in 2017, And They're Missed. [WTTV](#).

— U.S. Steel dumps more toxic chromium near Lake Michigan, faces lawsuit. [Chicago Tribune](#).

HAPPENING THIS WEEK

8:00 a.m. — Roll Call Live's "[Energy Decoded](#)," Newseum, 555 Pennsylvania Ave NW, 8th Floor Knight Conference Center

9:00 a.m. — Business [Meeting](#) to consider Reconciliation Legislation, Senate Energy and Natural Resources Committee, Dirksen 366

10:00 a.m. — "[Legislative Hearing on Bills to Empower Indian Tribes, Promote Self-Determination](#)," House Natural Resources Indian, Insular and Alaska Native Affairs Subcommittee, Longworth 1324

10:00 a.m. — House Science Committee markup of several bills, Rayburn 2318

10:00 a.m. — House Energy and Commerce Environment Subcommittee marks up several bills, Rayburn 213

10:00 a.m. — "Promoting American Leadership in Reducing Air Emissions Through Innovation," Senate Environment and Public Works Committee, Dirksen 406

10:00 a.m. — The Information Technology and Innovation Foundation holds a panel discussion on "ARPA-E: A Catalyst of Clean Energy Innovation," 1101 K Street NW, Suite 610A

10:30 a.m. — "Legislative Hearing on National Park, Fish and Wildlife Service Bills," House Natural Resources Federal Lands Subcommittee, Longworth 1334

12:00 p.m. — "Restore the Mississippi River Delta releases report on priority restoration projects for the Mississippi River Delta, RSVP: alina@sandersonstrategies.com

12:30 p.m. — "Coming Clean: Improving Transparency and Accountability to End Pollution's Chokehold on Development," World Resources Institute, 10 G Street NE, Suite 800

12:30 p.m. — University of Wisconsin researchers discuss comprehensive assessment of ethanol mandate impacts on climate change, RSVP: lubetkin@nwf.org

2:00 p.m. — "Nord Stream and European Energy Security," Jamestown Foundation, Choate Conference Room, Carnegie Endowment for International Peace, 1779 Massachusetts Avenue, NW

2:30 p.m. — Media briefing on PJM's energy price formation proposal, RSVP: kassandra.meholick@edelman.com

4:30 p.m. — The Friends Committee on National Legislation hosts conversation with Reps. Costello and Eshoo about climate change and conservation, 205 C Street NE

6:00 p.m. — Press briefing on Marine Mammal Protection Act featuring Actress Miranda Cosgrove, Rayburn 2045

THAT'S ALL FOR ME!

**** A message from Chevron:** This is a story about DOERS, butterflies, and buckwheat. In '75, the endangered El Segundo Blue butterfly was found near a Chevron refinery. We protected the habitat and planted the only thing they eat—buckwheat. We're still planting and keeping an eye on our littlest neighbor. Watch the video: <http://politi.co/2yQ8q7z> **

To view online:

<https://www.politicopro.com/newsletters/morning-energy/2017/11/mixed-signals-from-us-as-world-leaders-arrive-in-bonn-025554>

Stories from POLITICO Pro

State Department: Shannon to miss climate talks [Back](#)

By Emily Holden | 11/14/2017 03:43 PM EDT

BONN, Germany — Tom Shannon, the State Department career diplomat who was set to head the U.S. delegation at international climate talks here, will not attend, according to the State Department.

Delegations from other countries had been waiting to see what tone and direction Shannon would set at the talks for the U.S. He was to be the top politically appointed U.S. diplomat at COP23.

Acting Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs Judith Garber will travel to Bonn on Wednesday to lead the delegation.

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House Natural Resources: Puerto Rico utility ignored lawyers' advice in hiring Whitefish Energy [Back](#)

By Ben Lefebvre | 11/14/2017 05:12 PM EDT

Puerto Rico's electric utility ignored advice from its own lawyers when it signed a contract with Whitefish Energy in the aftermath of Hurricane Maria, according to [documents](#) released ahead of a House Natural Resources Committee hearing today.

Law firm Greenberg Traurig advised Puerto Rico Electric Power Authority to include language in the contract that would cap the amount of money Whitefish Energy could charge, allow PREPA to terminate the agreement for any breach of contract and make Whitefish responsible for paying Puerto Rican taxes, among other requirements. But none were included, the [committee said](#) in its summary of the documents.

PREPA last month canceled the \$300 million contract with Whitefish, a relatively unknown, two-man operation based in Montana.

Puerto Rico Gov. Ricardo Rossello reiterated to lawmakers that he has launched two investigations into how the contract came about, but Natural Resources Chairman [Rob Bishop](#) (R-Utah) said the governor would have to do more if he wants Congress to support his [request](#) for disaster assistance.

"You have a credibility gap," Bishop said of PREPA's behavior. "You're asking for \$90 billion. Simply telling me you've launched two investigations isn't sufficient."

PREPA Director Ricardo Ramos, who declined to attend the House hearing, told the Senate Energy and Natural Resources Committee earlier today that he ultimately chose Whitefish Energy because no other companies would work with the bankrupt territory. In response to questions from Ranking Democrat [Maria Cantwell](#) (D-Wash.), Ramos said he was not aware of anyone with PREPA receiving kickbacks from the company.

To view online [click here](#).

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House passes flood insurance renewal in wake of massive storms [Back](#)

By Zachary Warmbrodt | 11/14/2017 07:23 PM EDT

House Republicans overcame bipartisan opposition Tuesday to pass a bill that would reauthorize and overhaul the National Flood Insurance Program, which has strained to pay out billions of dollars to policyholders after this year's run of devastating hurricanes.

The House passed the bill in a 237-189 [vote](#) following months of debate and dealmaking over how much to scale back the primary tool that millions of homeowners rely on to protect themselves from the financial risks of flooding.

The bill, [H.R. 2874 \(115\)](#), would reauthorize the NFIP for five years and enact several operational changes championed by Financial Services Chairman [Jeb Hensarling](#) (R-Texas), the fiscal conservative who led an effort to pare back the program as part of the reauthorization bill.

During the process, Hensarling clashed with influential business groups and coastal Republicans who argued that his committee's proposals threatened homeowners and local economies.

After agreeing to a series of concessions going back to this summer, Republicans secured the votes they needed. The bill the House passed Tuesday retained measures sought by Hensarling that would make it easier for private companies to compete with the NFIP in the flood insurance market and prohibit the government from offering coverage to certain homes that flood over and over again.

"It is a bankrupt program," Hensarling said on the House floor. "It is unsustainable."

The vote marked Congress' first attempt this year to pass a long-term renewal of the flood insurance program before it expires on Dec. 8. The Senate, where negotiations are ongoing, was not expected to take up the House package.

The debate in the House this week underscored why progress has been so slow on the issue.

Hensarling and other lawmakers who helped draft the House bill argued that the changes they were seeking in the program would help protect taxpayers while giving consumers the opportunity to find more affordable options beyond what the government offers.

"A federal program that conceals actual risk through artificially low rates is neither compassionate nor responsible," Rep. Dennis Ross (R-Fla.) said.

But Republicans representing coastal districts urged their colleagues to vote against the bill, warning that it would make flood insurance less affordable for their constituents and threaten the solvency of the NFIP. They were unpersuaded by sections of the bill that would limit premium increases and allow states to create programs that would identify homeowners who need financial assistance. Other sections of the bill would escalate premium increases and charge homeowners more to fill a reserve fund.

Critics argued that the nascent private flood insurance market championed by Hensarling would not necessarily be a boon for homeowners, and that insurers would likely cherry pick the least risky properties while leaving behind the rest for the government to cover.

California Rep. Maxine Waters, the top Democrat on the Financial Services Committee, fought the legislation. House Minority Whip Steny Hoyer (D-Md.) also tried to rally opposition, a spokeswoman said.

Until two weeks ago, House Majority Whip Steve Scalise, who represents a southern Louisiana district, had also withheld support for the bill. Scalise, the No. 3 House Republican, came around after Hensarling agreed to ease proposed penalties for properties that repeatedly flood.

Still unsatisfied, Rep. Frank LoBiondo (R-N.J.) spoke out against the legislation on the House floor Tuesday, questioning why the concerns of his constituents and others in the Northeast didn't have more sway in the debate.

"I'm angry and disappointed I have to fight with my own party on these issues," said LoBiondo, who last week announced his plans to retire.

In the end, 14 Republicans and 175 Democrats voted against the bill. Fifteen Democrats voted for it. The White House on Monday said it supported the bill, despite wanting to see additional changes to the flood program.

The House Financial Services Committee drafted the legislation well before hurricanes Harvey, Irma and Maria ravaged the southern coast of the United States and its territories. As the proposal lingered for months, the monster storms added a new sense of urgency behind efforts to update the flood insurance program.

An earlier series of devastating hurricanes had overwhelmed the program's financial resources, forcing it to borrow money from Treasury that it could not repay.

A new set of claims piled up this fall, and the program hit its roughly \$30 billion borrowing limit. In response, Congress agreed in October to forgive \$16 billion of the NFIP's debt.

The program borrowed another \$6.1 billion on Nov. 9, FEMA said Tuesday, bringing its debt to more than \$20.5 billion.

"No legislation currently pending before the 115th Congress addresses the underlying, core challenge facing the NFIP — the reality that the NFIP was not designed to address catastrophic losses," said Tom Glassic, a consultant who previously served as senior insurance counsel to the Financial Services Committee.

"This makes it likely we'll be dealing with many of the same issues in five or six years or whenever the NFIP is next up for reauthorization."

Meanwhile, senators from both parties oppose the proposals in the House package and are pushing their own competing bills. One would freeze interest payments that the NFIP pays on its debt — an issue the House bill does not address directly.

Sen. [John Kennedy](#) (R-La.) said the House proposal failed to strike the right balance between "the integrity of the program, the financial stability of the program and the affordability." Sen. Bob Menendez (D-N.J.) said it was "Republicans' first concrete step towards dismantling a critical program that more than 200,000 New Jersey families rely on."

"It doesn't resolve all of the issues that we have in the Senate," Banking Chairman [Mike Crapo](#) (R-Idaho) said in an interview Tuesday.

To view online [click here](#).

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House passes \$700B compromise defense bill [Back](#)

By Connor O'Brien | 11/14/2017 05:29 PM EDT

The House on Tuesday overwhelmingly passed a \$700 billion compromise defense policy bill that would authorize a military buildup beyond that proposed by President Donald Trump, but vastly exceed the cap on defense spending to fund it.

The vote was 356-70.

The Senate will debate the fiscal 2018 National Defense Authorization Act after Thanksgiving and is expected to handily approve it and send it to the president for his signature.

With fewer contentious issues than in previous years, the annual legislation was hammered out by House and Senate Armed Services leaders in just a few weeks.

In all, the measure would authorize nearly \$700 billion in national defense spending. Within that, the bill endorses \$626.4 billion in base spending, including \$20.6 billion for nuclear national security programs under the Energy Department. And it would authorize \$65.7 billion for a separate Pentagon war account.

The legislation, which tallies billions of dollars more than Trump's \$603 billion budget request, would authorize more spending for missile defense technology to counter North Korea, more ships and fighters, and would continue to rebuild the Army.

On the floor Tuesday, House Armed Services Chairman Mac Thornberry (R-Texas) called the bill a down payment on a yearslong military buildup.

"We will not rebuild and fix our problems in one year or one bill ... but we can head in the right direction," Thornberry said. "That's what this conference report does."

But the final NDAA is also tens of billions of dollars above the \$549 billion cap on national defense spending set by the Budget Control Act for the current 2018 fiscal year.

House and Senate leaders must strike a budget deal that increases the caps in order to boost defense spending as prescribed by the bill, approved on Tuesday by the House.

"It goes \$80 billion, roughly, over the budget caps, and the bill can't do that on its own," said House Armed Services ranking Democrat Adam Smith of Washington state.

"Unless the budget caps are lifted and the appropriators pass the appropriations bill, that doesn't happen," Smith said. "And we haven't made a lot of progress on that."

The final measure includes a 2.4 percent troop pay raise, higher than the 2.1 percent sought by the Pentagon.

It would authorize 90 F-35 Joint Strike Fighters, 20 more than the Pentagon requested, and 24 Navy F/A-18 Super Hornets, 10 more than requested. And it would boost Navy shipbuilding by authorizing 13 new ships, five more than requested, including an extra Littoral Combat Ship, destroyer and amphibious ship.

The bill would also authorize more personnel in the active-duty military services and Reserves.

Notably, the Army would grow by 7,500 active-duty soldiers and the active-duty Marine Corps would increase by 1,000. The Air Force would grow by 4,100 active-duty personnel. And the Navy would increase by 4,000 active-duty personnel.

The legislation also continues efforts, spearheaded by Senate Armed Services Chairman John McCain (R-Ariz.), to shake up the Pentagon's senior leadership ranks.

It would establish the Pentagon's newly created chief management officer as the third most

senior post and give it more information technology functions performed by the chief information officer.

The final NDAA compromise would also eliminate one assistant secretary of Defense and limit the total number of deputy assistant secretaries to 48.

Additionally, the bill includes a series of provisions aimed at streamlining the Pentagon's acquisition process, including a proposal pushed by Thornberry to set up an online marketplace for purchasing commercial products.

Lawmakers, however, dropped a House-backed proposal to create a new Space Corps under the Air Force.

Instead, the final bill would require an independent plan to establish a separate service responsible for space as well as a slew of changes to streamline national security space acquisitions and operations.

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