

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Bloomberg BNA
Sent: Fri 9/8/2017 7:48:20 PM
Subject: Sep. 8 -- 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.

New Jersey Eyes Rejoining Northeast's Carbon Trading Program

Posted September 08, 2017, 8:39 A.M. ET

By Gerald B. Silverman

New Jersey is on the cusp of rejoining the Northeastern greenhouse gas trading program it spurned in 2011, which could be a boon for power companies such as Consolidated Edison Inc. and Public Service Enterprise Group Inc. that have utilities across the region.

The Garden State is expected to rejoin the Regional Greenhouse Gas Initiative sometime after electing a new governor in November. Both the Democratic candidate for governor, Phil Murphy, and the Republican candidate, Lt. Gov. Kim Guadagno, support rejoining the program that Gov. Chris Christie (R) abandoned six years ago.

New Jersey would be the third-largest source of carbon dioxide emissions in the trading program should it rejoin the initiative. That would mean a larger marketplace for power companies to buy and sell emissions allowances and give utilities more options for making the necessary emissions reductions, Marjorie B. Kaplan, associate director of the Rutgers Climate and Environmental Change Institute at Rutgers University, told Bloomberg BNA in an email.

“But perhaps even more importantly, it would send a signal to the RGGI states that New Jersey is serious about addressing carbon emissions and a signal outside of the region that the Northeast region is uniting on addressing carbon emissions,” she said.

Electric power companies are expected to have a relatively smooth transition if New Jersey takes the expected step of rejoining the trading program. The state's electricity generators participated in 14 RGGI auctions between 2008 and 2011. There were 40 electricity generators required to purchase carbon allowances when the state exited the program, according to RGGI data.

The trading program requires power plants with 25 megawatts of capacity or more in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont to purchase one allowance for each short ton of carbon dioxide they emit. The allowances are sold in quarterly auctions, with proceeds returned back to the states for use on renewable energy, energy efficiency and certain other program.

Utilities Back Rejoining

“We will support their decision and will work with the new administration to make sure that the transition back into RGGI goes smoothly,” Paul Rosengren, a spokesman for PSEG, told Bloomberg BNA in an Aug. 31 email.

Mike Donovan, a spokesman for Orange & Rockland Utilities Inc., which provides transmission service in the northern part of New Jersey, said its parent company, Consolidated Edison, has been a supporter of RGGI.

The market could grow even larger if Virginia also joins the initiative. Virginia is considering joining RGGI, as part of Gov. Terry McAuliffe’s (D) May directive that the commonwealth develop a trading-ready program to reduce carbon emissions.

Virginia, with a relatively large number of coal plants, would be second only to New York in terms of carbon dioxide emissions if it joined RGGI.

‘Politically Motivated Tax Increase’

Christie withdrew his state from RGGI in 2011 and vetoed three bills from the Democratic legislature to rejoin the program. In his latest veto message July 13, he said the bill “is nothing more than an unnecessary, politically motivated tax increase.”

But his own lieutenant governor has taken a more moderate position on RGGI and other issues in her bid to win election in the largely Democratic state. Ricky Diaz, a spokesman for Guadagno, declined to elaborate on her position, but confirmed that she supports rejoining RGGI.

Murphy, the Democratic candidate, plans to immediately rejoin RGGI if elected, according to his campaign’s policy statement on climate change. He also supports developing a plan to eventually make New Jersey’s power sector carbon-free.

“Gov. Christie’s decision to pull out not only slowed progress on lowering emissions, but it also cost New Jerseyans tens of millions of dollars that should have been used to further reduce greenhouse gas emissions, increase energy efficiency, and improve air quality in urban communities,” the policy statement said.

The New Jersey power sector produced 16.7 million metric tons of carbon dioxide emissions in 2014, while the nine current RGGI states had 78 million metric tons of emissions that year, according to Energy Information Administration data.

Carbon Price Boosts Nuclear, Renewables

Putting a price on carbon in the state would help recognize the value of nuclear generation in producing carbon-free electricity, according to Rosengren. About half the state’s electricity comes from nuclear power, he said.

New Jersey also would benefit from a new sources of revenues for renewables and energy efficiency because RGGI auction proceeds are returned to states for those types of programs, Rosengren said.

Though some utilities back rejoining the emissions trading program, other businesses fear the move will only drive up electricity bills.

“In order for businesses to remain competitive in our region, we need to control electric costs,” Bob Considine, a spokesman for the New Jersey Business & Industry Association, told Bloomberg BNA in an email.

“About 24 percent of our electric bill is government-imposed taxes and fees,” he said. “Increasing generation costs through cap-and-trade would only increase that portion on the ratepayers of New Jersey.”

Carbon Allowance Prices Jump as Cap to Tighten in Northeast

Posted September 08, 2017, 12:40 P.M. ET

By [Gerald B. Silverman](#)

Power companies saw a 72 percent jump in the price of greenhouse gas emissions allowances in the first auction after the Northeast’s trading program announced plans to ratchet down the emissions cap.

Carbon allowances for the Regional Greenhouse Gas Initiative sold for \$4.35 each in the Sept. 8 auction, up from \$2.53 in June, according to auction [results](#) announced today. Despite the increase, that’s still slightly down from \$4.54 in the September 2016 auction. The latest auction raised \$62.5 million for the nine states in the program.

The price increase can be attributed to RGGI’s recent proposal to tighten its emissions cap after 2020 and create mechanisms to control the oversupply of allowances.

Turf Battle Looms as House Energy Leaders Plan DOE Overhaul

Posted September 08, 2017, 7:41 A.M. ET

By [Brian Dabbs](#)

Plans by a key House Republican to retool the Energy Department’s core functions are in for a turf battle.

Rep. Joe Barton (R-Texas), a top Energy and Commerce Committee member and former chairman of the panel, plans to float legislation by the end of the year to overhaul the department, he told Bloomberg BNA, confirming statements he’s made in recent months.

But beyond the general deadlock on Capitol Hill, there’s one big problem: Barton isn’t looping in Republican colleagues on another committee that controls the lion’s share of department’s non-military policy. The leader of that committee, in fact, said he didn’t even know about the plans.

“I haven’t heard anything about that,” Science Committee Chairman Lamar Smith (R-Texas) told Bloomberg BNA Sept. 6. “I haven’t heard anything about Barton or E&C [Energy and Commerce] at all.”

Reauthorizations are a way for lawmakers to update the missions of federal departments and agencies. Without input from the science committee, the retooling effort could sputter or degenerate into a jurisdictional fight.

The House Science, Space, and Technology Committee is tasked with directing department action on research and laboratories, which play a vital role in innovative energy technologies, some of which are commercialized in the private sector. That research, some of it under the Advanced Research Projects Agency-Energy, and the agency's loan programs are a critical asset to energy companies of all sizes. The loan programs also fall under the science committee.

The E&C Committee is a juggernaut on Capitol Hill, competing with only the Ways and Means Committee for the broadest policy influence. Members covet seats on the two committees, and each of the bodies is known to throw around its weight in jurisdictional battles.

Meanwhile, business representatives are pining for collaboration.

"Ultimately it would be extremely helpful for both committees to team up to get this done," Christopher Guith, senior vice president of the U.S. Chamber of Commerce's Global Energy Institute, told Bloomberg BNA. "Anytime you're going to do [Energy Department] reauthorization, you're going to have to go through multiple committees." Guith served served as deputy assistant secretary for nuclear energy at the department during the George W. Bush administration.

E&C Forges Ahead

Barton suggested the Energy and Commerce Committee is comfortably in the driver's seat.

"We are primary. Depending on how energetic we want to be, we could conceivably have the science committee and the Natural Resources Committee" contribute, he told Bloomberg BNA Sept. 6.

Energy Committee Chairman Greg Walden (R-Ore.) tapped Barton for the task earlier this year, and Walden is committed to seeing the process move forward.

"Chairman Walden wants the committee to take a strategic look at a broad range of Department of Energy activities and responsibilities," Dan Schneider, a spokesman for Walden, told Bloomberg BNA. "He wants to identify where mission and management reforms make the most sense, in light of today's energy landscape, energy security—including cybersecurity—challenges, and national security interests."

Barton didn't disclose details of his priorities for the overhaul, saying only that he'd "like to see a realignment of the [Environmental Protection Agency] and its interaction with the Department of Energy." A spokesman for Barton, Daniel Rhea, said the former chairman plans to release his framework for the overhaul later in September.

The department, created in 1977, has never been fully reauthorized. Congress regularly reauthorizes the Defense Department and Federal Aviation Administration.

Science Committee Headway Made

A partial reauthorization of the Energy Department, a bipartisan bill (H.R. 589) authored by Smith, soared through the House in January.

Smith's bill also gives arcane new directions to the department to administer its 17 national labs and extends the Commercializing Technology pilot program, which aims to ease negotiations between

the labs and the private sector over technology transfer, through Sept. 30, 2019. And further, the legislation revises the department's policy on advanced nuclear research, directing, for instance, an assessment of the need for a reactor-based fast neutron source.

Nuclear proponents have praised that language.

"The new bill also includes important reforms allowing the national labs to work more closely with private industry, and establishes new research programs around solar fuels, exascale computing and electricity storage," said a statement from the conservative group ClearPath Foundation in January. "Altogether, this bill establishes research programs focused on several key areas of clean energy development, while giving the national labs greater flexibility."

But the bill's supporters tout its reauthorization of the department's Office of Science as a major achievement, calling it the first comprehensive overhaul of the office to date. The Office of Science accounts for nearly a sixth of the department's budget in fiscal year 2017.

The House rules on committee jurisdiction, which offers succinct descriptions of those authorities within a sprawling [document](#), show the science committee holds sway over nearly all department research.

E&C has jurisdiction over "energy policy generally," but is charged largely with regulations.

Much of the department's budget is dedicated to nuclear weapons and other military functions, and that authorization is controlled by the armed services committee in the House and Senate. Barton said he doesn't expect an overhaul to touch on the military side.

Committee Still in the Dark

Thea McDonald, a spokeswoman for Smith and the science committee, told Bloomberg BNA Barton will have to reach out to the committee if he wants to achieve a real overhaul.

"Any comprehensive [Energy Department] reauthorization would have to include significant input from the science committee, as upwards of one-third of DOE is under our jurisdiction," she said.

Barton also hasn't reached out to Democrats, who may be needed in striking a deal. Nor has he reached out to Senate Energy and Natural Resources Committee Chairman Lisa Murkowski (R-Alaska), who would take up the mantle on the Senate side, she told Bloomberg BNA Sept. 7.

Merkel Warned That Failure to Hit Climate Goal May Hurt Germany

Posted September 08, 2017, 10:50 A.M. ET

By [Brian Parkin](#)

Chancellor Angela Merkel's ambition to lead Europe's fight against global warming is at risk of backfiring and tarnishing Germany's climate credentials, according to researchers.

Germans will likely reduce their carbon dioxide emissions by about 30 percent in 2020 compared to 1990 levels, missing the 40 percent reduction goal set by the government in 2012, according to a report by Berlin-based climate researcher Agora Energiewende.

German emission reductions “won’t be a near miss but a booming failure,” Agora researchers wrote. They urged Germany to refocus on emission cuts after this month’s federal election, in which Merkel is seeking a fourth term as chancellor.

Climate protection is getting short shrift in campaigning by Germany’s biggest parties even though polls show it’s important to voters. More than seven of 10 Germans worry about the impact of climate change, even more than the 65 percent of voters concerned with war, according to a July survey by Kantar Emnid.

The Environment Ministry in Berlin responded to the Agora report, rejecting its forecast for carbon dioxide output to 2020 in a statement on Thursday. The ministry expects Germany to cut emissions by as much as 37 percent.

©2017 Bloomberg L.P. All rights reserved. Used with permission

[Privacy Policy](#) | [Terms of Service](#) | [Manage Your Email](#) | [Contact Us](#)

1801 South Bell Street, Arlington, VA 22202
Copyright © 2017 The Bureau of National Affairs, Inc. .
Energy and Climate Report