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Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Trump's Sluggish Pace of Staffing May Slow Hurricane Response

Posted September 06, 2017, 03:02 P.M. ET

By [Todd Shields](#), [Jennifer A. Dlouhy](#) and [Christopher Flavelle](#)

The Trump administration's slow pace of appointments has left vacancies in key posts related to emergency response, something that may hamper efforts to help victims of Harvey's record rainfall and Hurricane Irma's punishing winds.

Deputies are missing from the Federal Emergency Management Agency, which spearheads relief in the [early days](#) after disasters, and at the Department of Housing and Urban Development, which helps get storm victims back into lodgings. The Environmental Protection Agency doesn't have a regional director in Texas whose duties would include responding to Harvey's inundation of polluted Superfund sites.

President Donald Trump has said he doesn't intend to fill "[unnecessary](#)" positions, and his administration is behind the [appointments pace](#) of the Obama and Bush White Houses. He has proposed slashing the EPA's budget by almost a third, HUD's by 13 percent, and FEMA's by 11 percent.

"To the extent that those kind of remarks and his indifference to appointments at senior levels reflect an animus toward government itself, there is undoubtedly a price to pay in the effectiveness of the country to respond to a variety of disasters," [Paul Bledsoe](#), a lecturer on environmental policy at American University in Washington and a former official under President Bill Clinton, said in an interview.

EPA and FEMA public relations offices didn't immediately respond to emailed queries.

At the housing department—led by a skeptic of government, Secretary Ben Carson—nine of 12 top positions aren't filled, according to [a tally](#) kept by the Partnership for Public Service and the Washington Post. In six cases the Trump administration hasn't nominated somebody to fill the post; two nominees await Senate confirmation including Pamela Hughes Patenaude as deputy secretary

responsible for day-to-day operations.

Carson, in an interview [broadcast](#) Sept. 6 by National Public Radio, said his agency would take care of families left homeless by the storm.

“There’s no question that it’s harmful that we don’t have our complete complement of people,” Carson said, faulting the Senate for not confirming two high-level picks. “Fortunately, we have many people who have stepped up to the plate and we’re working very hard to keep things moving in a positive direction.”

Carson’s department wins praise from some.

“HUD already has good, capable, competent, experienced leadership in place to run a successful recovery program,” said Marion McFadden, who in 15 years with HUD helped lead disaster responses. She cited Neal Rackleff, a former housing director for the city of Houston, who is in place as a deputy at HUD with responsibility for disaster recovery.

“We have every indication he’s well placed to take on this responsibility” after working effectively for the city including guiding flood relief, said McFadden, who is vice president with Enterprise Community Partners Inc., a nonprofit group based in Columbia, Maryland, that works on affordable housing.

At FEMA, where Administrator Brock Long has been in place since June, two top aides await Senate confirmation, including one whose position was created in response to shortcomings in the response to 2005’s Hurricane Katrina, according to the Partnership for Public Service.

On Sept. 6, the House passed \$7.4 billion for a disaster-relief fund. The measure must now be considered by the Senate. The Trump administration made its first relief request for Harvey on Sept. 1, and Category 5 Hurricane Irma is headed toward Florida Sept. 8, portending more damage.

Regional Offices

The EPA’s response to Harvey will be hampered with few political staff installed in key posts, said Christine Todd Whitman, a Republican who led the agency under former President George W. Bush from 2001 to 2003.

Among the vacancies are the heads of almost all of EPA’s 10 regional offices, who are on the front lines of interactions with states and local governments. A regional administrator just took the reins at Atlanta-based Region 4, but Dallas-based Region 6—which oversees activity in Texas, Louisiana and three other southern states—does not yet have a Trump-approved leader.

“It makes it difficult, because what you’ve got is a lot of career people in the regions without a leader who are worried every day about their job anyway,” Whitman said. “They are afraid if they put a foot wrong they’ve signed their exit from the agency.”

Hundreds of EPA workers are voluntarily leaving as Administrator Scott Pruitt works toward a one-fifth reduction of head count through buy-outs and other incentives.

“The agency is going to be hugely stressed if Irma comes on shore as it looks like she might, because a Category Five is a monster storm,” Whitman said. “Without people in the regions, without your political people who can give some guidance to the career staff as to what they should be

doing, they're left to do it on their own, and that's just not an optimum way to organize a response to a crisis."

The federal response could benefit from one overall leader that works across agencies, said [Amy Liu](#), director of the Metropolitan Policy Program at the Brookings Institution, a policy group in Washington.

"We need one person who wakes up every day and thinks about: How can the federal government be a steady partner to the Texas community—and even Florida if that becomes the case," Liu said.

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EPA Harvey Response Hampered by Budget Cuts, Democrats Say

Posted September 06, 2017, 01:49 P.M. ET

By [Dean Scott](#)

The one-two punch of buyouts and budget cuts at the EPA could hamstring its efforts in the aftermath of Hurricane Harvey even as another storm bears down on South Florida, House Democrats warned today.

The EPA's counsel to the Inspector General, Alan Larsen, told members of a House Energy and Commerce Committee panel that the Environmental Protection Agency has key responsibilities in the wake of Harvey, which slammed Texas last week, including assessing and addressing fuel shortages; monitoring public water systems; securing Superfund sites; and assessing damage at major industrial facilities.

But Rep. Paul Tonko, (D-N.Y.) said the agency is being hamstrung by Trump administration budget cuts and a clampdown on climate and other environmental policies.

"Sadly, this administration is aggressively working to dismantle the EPA with unsound science," Tonko said. "These are foolish cuts, proven to be foolish, when we have disasters right before our very eyes," he said.

The EPA Inspector General's office as well as a representative from the Government Accountability Office appeared before the House Subcommittee on Oversight and Investigations to give an update on the EPA's implementation of their offices' recommendations to improve agency operations, including nearly 50 changes to environmental cleanup, pollution prevention, and hazardous and other waste programs.

About 20 percent of those recommendations, some dating back a decade, have yet to be implemented at the EPA, according to a [GAO report](#) unveiled at the hearing.

Several Republicans worry that the EPA has been ignoring other suggestions, including a GAO recommendation dating to 2010 that called on the agency to better evaluate its workforce.

"The agency is about people," Rep. Susan Brooks (R-Ind.) said. "I'm concerned that this agency has for a long period of time not accepted" recommendations that the EPA establish a mechanism to evaluate workforce planning and placement of employees.

EPA Last Inspected Flooded Arkema Plant in 2003

Posted September 06, 2017, 03:51 P.M. ET

By [Sam Pearson](#)

It's been 14 years since EPA inspectors last visited an Arkema Corp. facility in Crosby, Texas, that saw chemical explosions caused by flooding from Hurricane Harvey, a company official told Bloomberg BNA.

Arkema spokesman Stan Howard, and David Gray, a spokesman for the Environmental Protection Agency's Region 6 office in Dallas, both said the plant was last inspected under the agency's risk management program in 2003. The EPA is more likely to inspect high-risk facilities under the program "where offsite consequences impact a large number of people or they have had an accident," Gray said in an email Sept. 6.

Arkema's Crosby facility came under scrutiny after power failures due to an estimated 40 inches of rain at the plant during Harvey caused electricity and multiple backup generators to fail and volatile chemicals to overheat and catch fire.

The lack of inspections at the Crosby plant doesn't surprise many. According to a Sept. 1 letter Sen. Tom Carper (D-Del.) sent to EPA Administrator Scott Pruitt, the agency has "about 30 inspectors" who can complete between 300 and 350 inspections per year of around 12,500 facilities in the program—information the senator's spokeswoman told Bloomberg BNA came from a telephone briefing with EPA staff last week.

That means it would take at least 35 years to check all of the sites once.

Carper told Bloomberg BNA Sept. 6 the inspection gaps are "way too long."

Jim Frederick, assistant health and safety director at the United Steelworkers union, said the long timeframe between checks at the Crosby site wasn't surprising.

"Both EPA and OSHA are certainly not staffed to a level to have the reach to be able to inspect facilities on a very frequent basis," Frederick said.

Several other Arkema facilities had more recent EPA inspections. The agency inspected Arkema's Axis, Ala., plant in 2015, 2009, and 2004; a plant in Beaumont, Texas, in 2008 and 2003; the Alsip, Ill., plant in 2007; and facilities in Piffard, N.Y. and Calvert City, Ky., in 2010, according to EPA data obtained by Bloomberg BNA.

Lawmakers Interested

How often the inspections occur is a focus for lawmakers interested in learning more about Arkema's problems.

The [letter](#) from Carper, the ranking member of the Environment and Public Works Committee, asked Pruitt provide inspection data for the Crosby plant and other Arkema facilities. Carper said the plant's risk management plan seemed insufficient given the hurricane's impact on the plant.

"The failure of both of Arkema's emergency backup power supply measures and subsequent

evacuation of on-site personnel clearly raise questions related to the sufficiency of Arkema's plan and its implementation," Carper wrote.

Under the EPA's program, Arkema is required to submit a risk management plan every five years. The company filed its most recent plan for the Crosby facility in 2014, which didn't mention the organic peroxides that exploded since those chemicals are not covered under the risk management program. But the company's plan did identify the risk of hurricanes, power failures and power surges, and flagged the 66,260 pounds of anhydrous sulfur dioxide that, if released, could threaten more than 1 million residents within 23 miles of the plant.

Mark Farley, a partner at the law firm Katten Muchin Rosenmann LLP in Houston, told Bloomberg BNA Sept. 6 he didn't think including organic peroxides in the risk management plan would have made a difference at Arkema's plant.

"The company and the government knew that these chemicals were highly hazardous and the employer had redundant systems in place to try to mitigate that risk," Farley said. "What should they have done? Had a fourth backup system?"

OSHA, Contractors Help Too

EPA regional offices may also use consultants to check plants, and OSHA process safety management inspectors are on the lookout for many similar types of violations, Stephen Richmond, a principal at the law firm Beveridge and Diamond PC, told Bloomberg BNA Sept. 6.

A typical inspection involves as many as five inspectors, who scour the plant over several days, Richmond said.

"They're pretty intensive," Richmond said. "The inspection, if you have five inspectors on site for as much as a week, they can cover a lot of ground."

Other agencies that made it to the Crosby plant sometimes found violations.

OSHA inspectors that visited the site in 2016 issued 10 citations for serious violations, nine of which involved management of highly hazardous chemicals, [records show](#). The U.S. Chemical Safety Board, which is investigating the incident, may also make recommendations to EPA if it finds the agency could better enforce existing regulations.

Given the magnitude of what happened, Carper wrote, reducing EPA inspections further through budget cuts "seems shortsighted at best."

—With assistance from Dean Scott and Madi Alexander

Manufacturers Share Chemical Data With EPA to Make Safety Case

Posted September 06, 2017, 7:01 A.M. ET

By [Pat Rizzuto](#)

The BASF Corp., the Dow Chemical Co. and Honeywell International Inc. are sharing chemical data with the EPA in a bid to persuade agency scientists that the compounds they make or use are safe and should stay on the market.

During the next few years, the Environmental Protection Agency will study and consider regulations for the 10 compounds that are under review if the agency determines they are unsafe—part of the agency’s implementation of last year’s amended toxics law. At stake are hundreds of uses of chemicals in factories, households, and construction sites that hinge on EPA’s upcoming reviews.

Faye Graul, executive director of the Halogenated Solvents Industry Association (HSIA), said industry’s goal for providing information about the 10 chemicals to the EPA is to “to make our case that they should stay on the market.”

Sept. 19 Deadline

In meeting with the EPA, some companies are making the case that certain chemicals are small impurities in the manufacturing process and thus can be safely ignored. Others are providing use and exposure information on major industrial products such as solvents used in manufacturing. Still others are opting not to share data with the EPA, instead waiting to learn more about the process based on this first group of 10 reviews. All have an EPA deadline of Sept. 19 to submit information for this first round of chemical risk reviews.

By the end of the year, the EPA will craft blueprints for studying the health and ecological risks of 10 chemicals that will rely in part on the companies’ use, exposure, and toxicity data they share with the agency. The EPA will augment this data with studies in its own databases, the scientific literature, and other sources. Those 10 blueprints also will include the relevant exposure scenarios, human populations, and environmental conditions of interest.

“While some stakeholders have indicated they may or plan to submit to the docket, they have not necessarily indicated what they would submit,” the EPA told Bloomberg BNA by email. “At this time, EPA has no basis to characterize how much information may be submitted.”

Firms Reach Out

The BASF Corp. is offering hazard and exposure information to support the n-methylpyrrolidone (NMP) and 1,4-dioxane risk evaluations, company spokeswoman Donna Jakubowski told Bloomberg BNA. NMP is a commonly used solvent in industrial and some consumer chemical formulations.

1,4-dioxane is primarily an impurity that occurs during chemical manufacturing, but the chemical also is a processing aid used for wood pulping, pharmaceutical manufacture, and other purposes, the EPA said in a preliminary risk evaluation [plan](#) for the chemical.

BASF is submitting some information directly to the EPA and providing data through trade associations, including the American Chemistry Council and the NMP Producers Group, Jakubowski said.

The members of the NMP Producers Group—Ashland Inc., BASF, and Lyondell Chemical Co.—have worked to encourage their customers and other trade associations that represent companies using the solvent to provide the EPA chemical use, exposure, and other data, Kathleen Roberts, manager of the NMP group, told Bloomberg BNA.

HSIA members make solvents that are used by manufacturers large and small to strip paint, degrease machine parts, and clean factory surfaces.

The group also explained how the agency's risk evaluation differs from a rule the agency proposed to limit NMP's use in paint strippers, and how these actions differ from some possible EU solvent regulations, Roberts said.

In addition to HSIA, the Consumer Specialty Products Association—which represents the makers of chemical-intensive home care and other consumer products—also provided solvent data to the agency.

Member companies Ecolab, the Sherwin Williams Co., and W.M. Barr & Co. met with the EPA to discuss 1-bromopropane, methylene chloride, NMP, perchloroethylene and trichloroethylene, Steven Bennett, vice president of scientific affairs at the association, told Bloomberg BNA. They offered data on what markets and for what types of customers—consumer, institutional or industrial—the solvents are used by, he said. Honeywell, a diversified technology and manufacturing company, was among the downstream companies that met with EPA staff to discuss its use of perchloroethylene during the hydrofluorocarbon manufacturing process, a company spokeswoman told Bloomberg BNA.

“The Honeywell staff explained that all Honeywell hydrofluorocarbon manufacturing processes take place in a closed system with full pollution control devices. This approach minimizes any emissions of perchloroethylene, with low potential for human exposure,” she said. The EPA previously has concluded similar chemicals manufactured in sufficiently closed systems do not pose unreasonable risk, she said.

Dow Chemical Co. provided use information to the EPA before it issued its preliminary risk evaluation plans in June, Johnathan DiMuro, regulatory services leader, told Bloomberg BNA. The company does not plan to provide more information, he said.

Firemen, Labs and Legacy Carve-Outs

The International Association of Fire Fighters, state officials, the AFL-CIO, environmental groups, and the American Public Health Laboratories association also have provided the EPA chemical toxicity, use and exposure information.

Firefighters, for example, have a higher risk of getting various cancers than does the general population, Larry Petrick, director of health and safety for the International Association of Fire Fighters, told Bloomberg BNA. Firefighters are exposed to building materials such as old ceiling tiles, insulation, asbestos, and furniture sprayed with flame retardants, Petrick said.

Firefighters hope to persuade the EPA to reconsider its June decision to exclude legacy uses from its 10 risk reviews, he said. Petrick referred to decisions the EPA announced in 10 documents it released June 22 describing its preliminary plans to assess hazards, uses of, and exposures to each chemical.

“In the case of asbestos, legacy uses and associated legacy disposals will be excluded from the scope of the risk evaluation. These include asbestos-containing materials that remain in older buildings or are part of older products but for which manufacture, processing, and distribution in commerce are not currently intended, known, or reasonably foreseen,” the agency wrote in a preliminary evaluation plan for that mineral.

The agency made a similar conclusion for carbon tetrachloride, which the U.S. Consumer Product Safety Commission banned in 1970, but which the EPA said may still be used in some paints,

coatings, rubber, cement, and asphalt formulations. “Legacy uses and associated legacy disposals will be excluded from the scope of the risk evaluation,” EPA said in its preliminary risk evaluation plan.

Firefighters want the EPA to consider their current legacy-use-based occupational exposures to hazardous chemicals, Petrick said.

The American Public Health Laboratories—which represents a network of state health and environmental labs—wants to share its measurements of the 10 chemicals in air, water, people’s bodies, and other places the chemicals reside, Julianne Nassif, director of environmental health, told Bloomberg BNA.

Shying Away

Asked why more companies didn’t chime in when asked about the information they may plan to give the EPA, several reasons, including lack of familiarity and a desire to stay off the radar, were given.

Especially for manufactured goods producers, it is a new idea to give the EPA information about the chemicals they use, Mark Duvall, a principal in the Washington office of Beveridge & Diamond, P.C. told Bloomberg BNA.

“Companies and trade associations may be looking for experience and guidance to gauge what information EPA actually needs and in what level of detail,” he said. “In addition, EPA’s information requests, where made, tend to be fairly general, which may lead to fairly general responses.”

Companies also may be reluctant to give data that may restrict their products by providing information that EPA might use to decide a chemical should be scrutinized, Duvall said.

Chemical manufacturers can ask their customers to send EPA information, but they’re usually not in a position to insist on it, the NMP group’s Roberts said. Companies that buy chemicals to make consumer and industrial goods may not see a reason to provide the EPA information at this early stage, she said. They may not feel compelled to until the agency proposes to restrict their particular use of chemical, Roberts added.

Beyond the First 10 Chemicals

The American Chemistry Council’s [Center](#) for Chemical Safety Act Implementation is working with chemical and product manufacturers to discuss ways companies may contribute to future risk evaluations the EPA will undertake, David Fischer, who helps manage that center told Bloomberg BNA.

Even if EPA isn’t evaluating a chemical a company currently makes or uses, the agency may do so down the road. Chemicals already listed on an EPA “[work plan](#)” list of about 90 chemicals are potential candidates for future risk evaluations as are chemicals of concern identified in other parts of the world, such as the European Union’s Substances of Very High Concern list.

If a company is aware of data gaps for such chemicals, “it may be good to start talking to EPA now,” Fischer said. “There’s an opportunity now, to start filling data gaps.” he said.

Companies also can nominate a chemical for the agency to evaluate or choose to submit their own risk evaluation for it, Fischer said. The company’s risk evaluation would have to meet guidance the

EPA published June 22.

Deadlines, State Preemption

The EPA plans to release draft risk evaluations for public comment and peer review as early as 2018. It aims to publish final risk evaluations by the end of 2019, although the amended TSCA law gives the agency until mid-2020 to complete them.

Those risk evaluations could find that some of the 10 chemicals pose no risks. That finding largely would preempt states from regulating the same chemical or chemical use under the amended TSCA law.

The EPA's risk evaluations also could affect markets even before the reviews are finished. If the science appears to show a chemical or certain uses of it may raise health or ecological concerns, chemical makers could voluntarily drop those uses. Sales of those chemicals also could drop ahead of the completion of a risk review if the market responds to feedback from consumers or watchdog groups.

The EPA's evaluation would trigger a regulation if the agency concluded one or more uses of any of the 10 chemicals poses an unreasonable risk to people or the environment. Such regulations would be intended to benefit human or environmental health by reducing disease, lost productivity, and other costs.

EPA Review of Model Year 2021 Limits Splits Auto Industry

Posted September 06, 2017, 03:59 P.M. ET

By [Abby Smith](#)

The EPA's review of model year 2021 mileage standards for light-duty vehicles is causing a split in the automotive industry between major car companies and the manufacturers that supply their equipment.

Major automobile manufacturing groups—like the Alliance for Automobile Manufacturers, which represents the Ford Motor Co., Fiat Chrysler Automobiles, General Motors, BMW and others— have urged greater flexibility in the Environmental Protection Agency's light-duty vehicle greenhouse gas standards, including now for model year 2021.

But a group representing manufacturers and suppliers of auto equipment—the Motor & Equipment Manufacturers Association—is warning that any relaxation of the model year 2021 standards would have a detrimental impact on manufacturing jobs in the United States. The group is asking the model year 2021 limits remain unchanged.

The EPA in March re-opened a feasibility review of the greenhouse gas and fuel efficiency standards for model years 2022-2025, reversing a determination made in the final days of the Obama administration to maintain current standard levels for those years. The agency, along with the National Highway Traffic Safety Administration, began accepting comments on that review Aug. 10, and expanded the review to include potential changes to model year 2021 limits, drawing criticism from environmentalists and other supporters of the Obama-era rules.

The motor vehicle suppliers group is also urging the EPA to “remain on course” with the model year 2021 target the industry had agreed to. Any relaxation of those limits would cause a “significant

increase in the level of uncertainty in an already uncertain time,” Laurie Holmes, senior director of environmental policy for the Motor & Equipment Manufacturers Association, said at a Sept. 6 public hearing hosted by the EPA.

Ann Wilson, vice president of public affairs for the group, told Bloomberg BNA that motor vehicle suppliers are the “largest employer of manufacturing jobs in the United States.” Many of those jobs “have been contingent on compliance with the new” NHTSA and EPA vehicle standards, she said, noting suppliers have already dedicated millions of dollars in research and development.

Maintaining the model year 2021 limits, and forward progress from there, is necessary for “these investments to continue to bear fruit” and “to continue to have this level of employment in the United States,” Wilson said.

But also at the hearing, Chris Nevers of the auto alliance and Julia Rege of Global Automakers urged officials to consider tweaks to model year 2021 limits to advance “harmonization” with the NHTSA program.

“We never meaningfully reached the goals of harmonization,” Rege said during her testimony. An adjustment to the model year 2021 standards “would advance our request” to align the two programs.

China Seeks to Move Hazardous Chemical Makers Away From Cities

Posted September 06, 2017, 8:33 A.M. ET

By [Michael Standaert](#)

Efforts are underway to encourage and provide financial incentives for hazardous chemical production facilities to relocate further away from urban areas in China, a State Council announcement indicated.

Small and medium-sized hazardous chemical facilities that produce and store materials within urban areas that propose “significant risks” will need to relocate, fully upgrade facilities, or face being closed down in order to minimize risks in urban areas by 2018, with all relocations and upgrades required to be completed by 2020, the State Council said Sept. 4.

Larger facilities will have a different window, between 2020 and 2025.

The government will provide financial support to help companies meet requirements or relocate, according to the statements, but no details on amounts or how these companies will apply for them were released.

The central government pledged to open channels for bank loans, bonds and other financial products to back the relocation or upgrade of facilities. Local governments will also be expected to bare some of the burden of the restructuring, the State Council said. The government did not say how many facilities would need to upgrade or relocate.

“The relocation faces great difficulties, with biggest problem being financial,” Yang Ting, Secretary-General of Party Working Committee of the China Petroleum and Chemical Federation said in a statement on its website on Sep. 6.

“For larger facilities the costs will be high,” Yang said. “During times when production is halted, there will be major losses in economic profit and it will be difficult to repay loans to the major banks. Without government compensation it will be difficult to move this forward.”

Facilities will be required to be at “safe distances” according to both health and safety standards, with different distances calculated depending on the amounts of chemicals produced or stored, what they are, and other factors.

France Proposes to End Oil Output by 2040 with Exploration Ban

Posted September 06, 2017, 8:13 A.M. ET

By Francois de Beaupuy

France will stop granting new exploration permits next year as it seeks to end all oil and gas production by 2040, according to a draft bill presented at a Sept. 6 cabinet meeting.

The move would allow the government to turn down more than 40 exploration requests already made, while some existing permits may be extended to respect contracts, the presentation showed. That includes the Guyane Maritime license off French Guiana, in which Total SA has a stake, according to an adviser to Ecology Minister Nicolas Hulot, who briefed reporters in Paris.

This legislation would “allow us to progressively free ourselves,” Hulot said after the cabinet meeting, also confirming that current exploration permits off French Guiana would remain valid. “It will allow investors to go much further in their renewable investments. Currently oil and gas leave us dependent on geopolitics.”

The proposed legislation is part of President Emmanuel Macron’s broader plan to take the lead against climate change, after U.S. counterpart Donald Trump ditched the landmark Paris agreement to fight global warming. While France’s oil and gas output is small, the plan may affect companies such as Vermilion Energy Inc., which has several concessions, and will reduce the prospect of discoveries off French Guiana.

France pumped 6 million barrels of oil in 2015, covering just 1 percent of its demand, according to the presentation. Oil and gas exploration and production on French soil generates as much as 300 million euros (\$358 million) in annual revenue, and accounts for as many as 5,000 jobs, directly and indirectly. Existing production licenses wouldn’t be extended beyond 2040 under the proposed law.

“We do not expect this new legislation, if passed, to have a material impact on Vermilion as our operations are focused on development activities such as well-workovers, infill drilling and waterflood optimization,” the Calgary-based company said previously.

Under a plan presented by Hulot in July, France will end the sale of gasoline- and diesel-powered vehicles by 2040. It will also progressively increase taxes on fossil fuels, close coal-fired power plants by 2022 and invest more in renewable energies.

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Threat to Oil Becomes Real as Climate Crashes Norway Election

Posted September 06, 2017, 8:59 A.M. ET

By Mikael Holter

Politicians and activists who have been fighting to rein in Norway's mighty oil industry are eyeing a breakthrough.

Several parties opposed to further oil exploration could emerge as kingmakers in the Sept. 11 election. That will threaten a push to search for about 9 billion barrels in Arctic crude and natural gas, which is necessary to prolong the petroleum age that made Norway one of the world's richest countries.

"I'm very worried," said Stale Kyllingstad, chief executive officer of IKM Gruppen AS, one of the biggest suppliers to the oil industry.

Big oil's enemies are now gaining ground with both moral and financial arguments. Norwegians are increasingly questioning how to reconcile their role as western Europe's biggest oil and gas producer with fighting climate change and whether searching for more petroleum is the financially sound thing to do in a world where renewable energy is taking over more and more.

The Green Party, which wants to end exploration immediately and phase out the industry in 15 years, is poised to become a key parliamentary force. The race is too close to call between Conservative Prime Minister Erna Solberg's government and the opposition, headed by Labor leader Jonas Gahr Store. Polls suggest both blocs could fail to win a majority.

Labor, a historic supporter of the oil industry, has seen its backing plunge in recent weeks, making it dependent on support from smaller parties seeking to curtail drilling. A key Labor politician last month even suggested reviewing tax subsidies for exploration, shocking the industry before the party clarified that it wasn't about to change a system prized by oil companies for its stability.

That failed to reassure Kyllingstad, who said he feared a weak Labor Party would be forced to "prostitute itself" to "extremist parties."

The Socialist Left (Labor's government partner until 2013) and the Red Party, which both want to end license awards and new field developments, also stand to gain.

To be sure, Labor and the current government parties, the Conservatives and the Progress Party, all industry backers, are likely to remain the three biggest groups after the election, sharing well over half the votes.

But the smaller parties, which for now have had little more to celebrate than a ban on drilling off the Lofoten islands, could extract deeper concessions, said Anders Holte, an analyst at Danske Bank A/S in Oslo. That could include fewer license awards and possibly jeopardize a program that lets loss-making companies collect 78 percent of exploration expenses in cash, he said.

For an industry that lost 50,000 jobs during the oil crash, it would be a bad blow. It could especially threaten an expansion in the Arctic Barents Sea, which holds the bulk of the country's undiscovered oil and gas resources and is seen as key to maintaining production 10 years from now after it already dropped by 12 percent since a 2004 peak.

"For the first time in a long while, there's increasing political risk," Holte said.

The outgoing government has pushed hard to stimulate exploration in the Arctic, overseeing a record search for oil in the Barents Sea, including Norway's northernmost well, and offering the most blocks ever in that region in a licensing round. On Sept. 6, the Petroleum Ministry said it received a record amount of applications in a round focusing on mature blocks after Barents acreage had been boosted.

Rasmus Hansson, the only Green lawmaker for now, said the top priority is to end exploration for new oil. That's a moral obligation because of climate change and a financial imperative because spending on exploration could be throwing money into the sea if the resources are never used as the world moves beyond fossil fuels, he said.

"It's particularly naïve to believe that the oil industry will be profitable for a long time to come," he said in an interview last week. "An increasing number of Norwegians are saying in polls that they see a future after oil."

One [survey](#) showed last month that 44 percent of Norwegians would be willing to leave some oil in the ground if it helped cut emissions.

At Statoil ASA, Norway's biggest oil company, outward appearances are cool for now.

"I'm registering that there's a greater diversity and a bigger stretch in the views on the Norwegian oil and gas industry," Eldar Saetre, the company's CEO, said in a phone interview this week.

Saetre said he wasn't worried about a change in the fundamental framework conditions for oil companies. The powerful Norwegian Oil and Gas Association and the country's biggest oil union, Industry Energy, also said they trusted the big parties to safeguard the industry because of its importance for jobs, value creation and government income.

But the industry could be overplaying its hand and Solberg has vowed to help the country wean itself off oil. Its dominance is slowly fading, and production now comprises about 12 percent of the economy, down from more than 20 percent pre-oil crisis. To be sure, that doesn't factor in how oil cash seeps through other sectors of the economy.

"I understand that people in the oil industry are worried," said Frode Alfheim, who represents thousands oil workers as head of the union. "I'm pretty certain that once one or the other constellation starts running the country after the election, the broad lines will remain firm."

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