

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Morning Energy
Sent: Fri 10/6/2017 2:05:08 PM
Subject: POLITICO's Morning Energy, presented by Chevron: Changing the math on the Clean Power Plan — Perry's eagerly anticipated hearing next week — DOE, PHMSA picks confirmed

By Anthony Adragna | 10/06/2017 10:00 AM EDT

With help from Eric Wolff and Darius Dixon

Morning Energy will not publish on Monday, Oct. 9. Our next Morning Energy newsletter will publish on Tuesday, Oct. 10. Please continue to follow Pro Energy issues [here](#).

CHANGING THE MATH ON CLIMATE CHANGE: In a move that will set the tone for the Trump administration's legal and political battles over climate regulation, EPA plans to consider fundamentally altering the benefits it associates with the Clean Power Plan in an upcoming proposal to rescind the Obama-era emissions reduction rule, Pro's Emily Holden [reports](#), citing multiple sources familiar with recent drafts. Taken together, the changes will eliminate tens of billions of dollars in the Clean Power Plan's benefits that could be used to bolster EPA Administrator Scott Pruitt's legal argument for pulling back the regulation.

Among the changes, President Donald Trump's EPA will dramatically alter its use of the social cost of carbon by no longer considering any social or economic benefits the rule creates outside the United States and counting far fewer of the health benefits that might have come from reducing air pollutants. Obama's regulators accounted for the fact that levels of sulfur dioxide, nitrogen dioxide and particulate matter would decline along with the greenhouse gases, but the Trump proposal won't count any of those additional reductions if pollutant levels were already at levels deemed safe by the agency in other regulations.

Proponents of the Obama regulation argue Pruitt's EPA is relying on fuzzy math and ignoring the fact utilities are transitioning to cleaner energy sources faster than anticipated. Janet McCabe, who led EPA's air office under Obama, said Trump's team seems to be ignoring the fact that many states are already on track to hit the rule's targets ahead of schedule. "Every other story is about how costs are coming down, about how emissions are reducing, about how power companies are making choices to close their coal plants or run them less because they're so expensive," she said. And David Doniger, climate director for the Natural Resources Defense Council, said "the courts are going to look very, very hard at this kind of cooking of the books."

EPA spokeswoman Liz Bowman's response: "While it appears you are writing a piece based on rumors about CPP, the facts are that the Obama administration's estimates and analysis of costs and benefits was, in multiple areas, highly uncertain and/or controversial."

TGIF ONE AND ALL! I'm your host Anthony Adragna, and Craig Meyers was first up to identify Reps. [Debbie Dingell](#) and [Doris Matsui](#) as the two current lawmakers who replaced their spouses in their congressional seats. For today: Who is the first participant in the U.S. Senate Youth Program to be elected to the body? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#), and

[@POLITICOPro](#).

GET YOUR POPCORN READY! Energy Secretary Rick Perry should expect a bevy of tough questions in his [first appearance](#) before the House Energy and Commerce Subcommittee on Energy next Thursday. Chief among them will be his effort to quickly push through new FERC rules benefitting coal and nuclear plants that has united the oil, gas, wind and solar industries - along with consumer groups - against him. Look for Democrats to push Perry on his use of non-commercial aircraft as secretary, in light of reports he chartered a private plane one day before HHS Secretary Tom Price resigned. More information on the Oct. 12 hearing [here](#).

He may not enjoy a home field advantage: Fellow Texans are usually quite chummy with their former governor but the FERC grid proposal might have them peppering Perry with non-softballs. Rep. [Pete Olson](#) said Perry had grabbed "the tiger by the tail" and predicted it would be a "big" area of discussion from both parties. "I'm concerned because it appears to be picking winners and losers," he told reporters. "Every time we do that, it hurts the consumer."

But first: Perry is scheduled to speak this morning at a [Veterans in Energy](#) forum in Arlington, Va. this morning.

DOE, PHMSA PICKS CONFIRMED: Before heading out on a 10-day recess, the Senate confirmed by voice vote Howard "Skip" Elliott to run the Pipeline and Hazardous Materials Safety Administration and Bruce Walker to lead DOE's electricity delivery and energy reliability office. Lawmakers also cleared Timothy Gallaudet's nomination as No. 2 at NOAA by voice vote and passed a [resolution](#) declaring Thursday "Energy Efficiency Day."

Not in the cards: Confirmation of FERC chairman nominee Kevin McIntyre and Democratic commissioner pick Rich Glick. Senate Energy and Natural Resources Chairman [Lisa Murkowski](#) asked unanimous consent to approve the selections, but an unidentified senator objected. Murkowski, who has been pushing to get FERC to full complement this week, said on the floor she was "disappointed" after the objection.

HELP THAT MESS IN TEXAS: Gov. Greg Abbott, Sens. [John Cornyn](#) and [Ted Cruz](#) and all but three of Texas' House members [requested](#) \$18.7 billion in disaster funding be included in the next Appropriations package as the state continues its recovery from Hurricane Harvey. "We all recognize that the funding already appropriated is a small fraction of the federal resources needed to help rebuild Texas," they wrote.

Not so fast? House Majority Leader [Kevin McCarthy](#) indicated Thursday his chamber would take up the White House's \$29 billion [disaster aid request](#) next week but Republican Study Chairman [Mark Walker](#) said his influential bloc might oppose the package without corresponding spending cuts, Pro's Budget & Appropriations Brief's Sarah Ferris [reports](#).

Seems unnecessary: The Trump administration removed information about the status of drinking water and electricity access on Puerto Rico from FEMA's site, The Washington Post [reports](#). Government [figures](#) show 9.2 percent of the island now has electricity and 54.2 percent of people have potable drinking water. Meanwhile, Flint Mayor Karen Weaver released a [letter](#)

of support Thursday to San Juan Mayor Carmen Yulin Cruz sent earlier in the week.

Over in Florida, lawmakers are looking at potential ways to alleviate fuel shortages in the aftermath of hurricanes, but POLITICO Florida's Bruce Ritchie reports solutions may be elusive. That isn't stopping Democratic Sen. Bill Nelson, who filed legislation Thursday requiring DOE to create a gas supply reserve that would hold at least 1 million barrels of oil in two separate locations, Bruce and Sergio Bustos report.

Veep alert! Vice President Mike Pence is visiting the U.S. Virgin Islands and Puerto Rico today for an update on Hurricane Maria recovery efforts.

BETTER LATE THAN NEVER? As POLITICO reported was likely way back in March, the White House formally selected Faegre Baker Daniels attorney Andrew Wheeler to serve as No. 2 at EPA, Pro's Alex Guillén reports. Wheeler, a former staffer to Sen. Jim Inhofe and the EPW Committee, was formerly a registered lobbyist for coal producer Murray Energy but deregistered in an Aug. 11 filing. Hopefully, he'll keep participating in ME's trivia!

REPORT: ENERGY-RELATED CO2 EMISSIONS DOWN: Energy-related emissions of carbon dioxide fell 1.7 percent in 2016 - that's 89 million metric tons, according to an Energy Information Administration report out Thursday. Emissions have declined in six of the past 10 years and energy-related ones are down 14 percent from 2005 levels. Transportation-related carbon emissions rose in 2016, though emissions from the industrial, commercial and sectors were all down. Natural gas emissions surpassed those from coal in 2016, though the report notes "natural gas produces more energy for the same amount of emissions as coal."

**** A message from Chevron:** We're piloting a program that uses drones to keep an eye on Chevron wells, tanks, and pipelines-all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> **

LAWSUIT THREATENED OVER MISSED OZONE DEADLINE: A group of 14 state attorneys general threatened to sue EPA for missing an Oct. 1 deadline to decide which parts of the U.S. do or do not meet the 2015 ozone standard. They join a coalition of environmental groups, which vowed to sue Pruitt earlier this week.

TAX OVERHAUL: BIOFUELS PRODUCERS LIKE THE PASSTHROUGH TAX BREAKS: Like everyone, ethanol producers await the details of Republican tax overhaul plans, but they see at least one feature they like: the tax cut on passthrough businesses. The principles in the "Big Six" tax overhaul call for a reduction in the tax rate from 36.9 percent to 25 percent on taxes paid by businesses run by sole proprietors, partnerships, and "S Corps", commonly called "passthrough" businesses. "That's how our plants are mostly organized, we see this as potential positive for our members," said John Fuhrer, senior director for government affairs for Growth Energy, an ethanol producers group.

FERC EYES NEW ENFORCEMENT CHIEF: Two sources with knowledge of the plans tell Pro's Darius Dixon and Esther Whieldon that Skadden attorney John Shepherd Jr. is expected to become FERC's next enforcement chief. According to Shepherd's bio, his practice focuses on

market design, market power and market manipulation issues in the energy and natural gas markets. The timing of the announcement is not certain.

GRIFFITH STEPPING INTO MURPHY'S E&C SLOT: With embattled Rep. [Tim Murphy](#) opting Thursday to [resign from Congress](#) later this month, an Energy and Commerce aide tells ME Virginia Rep. [Morgan Griffith](#) is expected to become chairman of the panel's Oversight and Investigations Subcommittee.

ASSUME E15 BILL DEAD (FOR NOW): Both Senate EPW Chairman [John Barrasso](#) and bill sponsor [Deb Fischer](#) now say a measure [S. 517 \(115\)](#) that would allow year-round sales of higher blends of ethanol won't even get a committee vote this year, Pro's [Eric Wolff reports](#). Even with five committee members as co-sponsors, there wasn't sufficient support among panel members and a flurry of amendments threatened to go after bedrock environmental laws. "I think what happened [was] it looked like we were really going to do this. So we loaded the box up with every Clean Air Act amendment we could think of," a refining industry source who opposed the bill told Eric.

MAIL CALL! GOP URGES DOI LEAK PROBE! House Natural Resources Chairman [Rob Bishop](#) and Oversight Subcommittee Chairman [Bruce Westerman](#) sent a [letter](#) Thursday requesting a briefing and copies of written policies concerning unauthorized leaks at Interior. They point to four leaks over the past several months with documents not yet finalized. "Improper disclosure of internal agency information, however, both classified and nonclassified, is an unacceptable practice," they wrote. "It is vital that those responsible for unauthorized releases are held accountable."

TWO THUMBS UP! Sen. [Bill Cassidy](#), Barrasso and Murkowski wrote a [letter](#) Thursday to Perry to voice support for a proposed rule that would speed approvals of small-scale liquefied natural gas exports. DOE formally [proposed the regulation](#) on Sept. 1 and the comment period ends Oct. 16.

ANOTHER PRUITT PROBE PURSUED: Three senior House Energy and Commerce Democrats - [Frank Pallone](#), [Paul Tonko](#) and [Diana DeGette](#) - asked EPA's inspector general in a Thursday [letter](#) to investigate Pruitt's installation of a \$25,000 "privacy cube" in his office. "[Americans] have a right to know if Administrator Pruitt is wasting taxpayer money on duplicative and unnecessary purchases for his office," they wrote.

HEARING ON FEDERAL STAFFING SOUGHT: All House Oversight Democrats asked for a hearing to be scheduled on Trump administration efforts to downsize the federal workforce. Read it [here](#).

KELLOGG VP SEEKING UPTON'S SEAT: Democrat George Franklin, a vice president at Kellogg announced Thursday he'll seek Energy and Commerce Energy Subcommittee Chairman [Fred Upton](#)'s congressional seat, [WWMT reports](#). It remains unclear, of course, whether the incumbent Upton will seek reelection to the House, run for Senate or retire.

RECORDS SOUGHT FOR PERRY'S TRUMP HOTEL SPEECH: Citizens for

Responsibility and Ethics in Washington filed a FOIA request seeking all records and requests for reimbursement stemming from Perry's speech to the National Mining Association at the Trump Hotel earlier this week. Copy [here](#).

MUSK'S BIG IDEA: Elon Musk is open to helping rebuild Puerto Rico's electric grid. "The Tesla team has done this for many smaller islands around the world, but there is no scalability limit, so it can be done for Puerto Rico too. Such a decision would be in the hands of the PR govt, PUC, any commercial stakeholders and, most importantly, the people of PR," he [tweeted](#) Thursday. Gov. Ricardo Rossello [responded](#) on Twitter "let's talk" and said Puerto Rico could be Musk's "flagship project"

ANTI-PIPELINE AD LAUNCHED IN VIRGINIA: The Southern Environmental Law Center launched a \$200,000, three-week television [ad campaign](#) in Virginia opposing the Atlantic Coast Pipeline being pushed by Dominion Energy.

HUNDREDS SEEK WILDFIRE FIX: More than 200 groups [asked](#) congressional leadership to enact "a comprehensive solution to the wildfire suppression funding issue that addresses the borrowing issue and the erosion of budgets due to increasing wildfire suppression costs." They voiced support for bipartisan House [H.R. 2862 \(115\)](#) and Senate [S. 1842 \(115\)](#) bills.

QUICK HITS

- Jerry Brown's California Dream: The Rolling Stone Interview. [Rolling Stone](#).
- US oil exports will keep booming after hitting record 2 million barrels a day, analysts say. [CNBC](#).
- U.S. Gulf oil producers curtail output ahead of Tropical Storm Nate. [Reuters](#).
- Interior Department rejects 25 endangered species petitions, including several linked to climate change. [Washington Post](#).
- EPA's Scott Pruitt prefers meeting with Republicans, just not on Mondays. [CNN](#).
- Worker dies at Kentucky coal-fired power plant. [AP](#).

THAT'S ALL FOR ME!

**** A message from Chevron:** This is a story about energy, safety, and some truly high-flyin' doin'. We're piloting a program that uses drones, HD imaging, and thermal mapping to help keep a close eye on Chevron wells, tanks, and pipelines-all to keep DOERS and what they're doin' safer. Watch the video: <http://politi.co/2xO60oe> **

To view online:

<http://www.politico.com/tipsheets/morning-energy/2017/10/06/changing-the-math-on-the-clean-power-plan-222687>

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