

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** POLITICO Pro Energy  
**Sent:** Fri 7/7/2017 9:43:11 AM  
**Subject:** Morning Energy, presented by ExxonMobil: U.S., G-20 near détente over climate language — Perry's economics gaffe sets Internet afire — Pruitt takes the Southeast

By Anthony Adragna | 07/07/2017 05:41 AM EDT

*With help from Eric Wolff, Tim Starks and Kalina Oroschakoff*

**U.S., G-20 NEAR COMPROMISE ON CLIMATE:** Two days of contentious meetings between the G-20 nations kick off today in Hamburg, Germany, but the U.S. and the rest of the nations are nearing a compromise agreement — or at least agreeing to disagree — on one of the thorniest issues facing world leaders: climate change, POLITICO's Andrew Restuccia [reports](#). A senior diplomat involved with the talks tells Andrew there's increasing optimism countries can settle on language in which the U.S. underscores its intent to withdraw from the Paris climate agreement while the other nations emphasize their support for the pact. "It seems that the G-19 is all on board," the diplomat said.

**There had been concern** that some fossil fuel-dependent countries in the G-20 might hesitate to forcefully back the Paris agreement, but the current draft would be a significant win for German Chancellor Angela Merkel and other leaders who support action to tackle climate change. And the draft language leaves room for the U.S. to write a new domestic emissions reduction plan and then announce plans to stay in the agreement under those new terms, something President Donald Trump could frame as a victory while pleasing allies. But a word of caution: The text remains fluid and could be renegotiated depending on how the next 48 hours go.

**Speaking of the U.S.,** California Gov. Jerry Brown announced Thursday his state would host the [Global Climate Action Summit](#) in San Francisco in September 2018. "President Trump is trying to get out of the Paris Agreement, but he doesn't speak for the rest of America," Brown said in video remarks to the [Global Citizen Festival](#) in Germany. "We in California and in states all across America believe it's time to act." The California governor has ramped up his already aggressive climate efforts in the aftermath of Trump's decision to leave the Paris accord, traveling to China to reinforce his state's commitment to action, and now can boast that the summit will be the first international climate event hosted by a state.

**Another big ask:** Some of Europe's largest lenders and insurers — grouped together as the European Financial Services Round Table — want G-20 leaders to push for the "timely and homogenous implementation" of the corporate disclosure recommendations, POLITICO Europe's Bjarke Smith-Meyer [reports](#). The industry heavyweights also want leaders to introduce other measures to promote the energy and investment shift, including carbon pricing and a phase out of fossil fuel subsidies.

**THAT'S... NOT HOW THAT WORKS:** The internet exploded Thursday after Energy Secretary Rick Perry goofed on a basic economic principle during remarks at a West Virginia coal plant. "Here's a little economics lesson: supply and demand. You put the supply out there and the demand will follow," Perry [said](#), according to Taylor Kuykendall, an S&P Global

reporter at the event. Seems more like the plot of "Field of Dreams" rather than sound economic policy to ME. Samples of media response [here](#), [here](#), [here](#) and [here](#). Perry's trip continues today at the National Energy Technology Laboratory site in Pittsburgh, which he'll tour along with Rep. [Tim Murphy](#).

**WELCOME TO FRIDAY!** I'm your host Anthony Adragna, and that's a shortened week almost in the books! DOE's Marty Dannenfelser was first to identify Lincoln, Neb. as the state capital that shares its name with a tunnel underneath the Hudson River, an American luxury automobile brand, and a DC restaurant. For today: How many state capitals have the word "city" in them? Send your tips, energy gossip and comments to [adragna@politico.com](mailto:adragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#), and [@POLITICOPro](#).

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**YES, AGAIN, (MAYBE) RUSSIA:** Two new reports are shedding light on recently revealed cyber attacks that have been infiltrating U.S. nuclear power stations. Bloomberg [reported](#) that Russia is the chief suspect, and that hackers have also infiltrated a company that makes control systems for the power industry, apparently a related attack. The New York Times first [identified](#) one of the companies attacked: the Wolf Creek Nuclear Nuclear Operating Corp., which runs a plant in Kansas.

The Homeland Security Department and FBI have reportedly been working to eject the hackers from the networks, and produced a joint alert. "The Department of Homeland Security and the Federal Bureau of Investigation are aware of a potential cyber intrusion affecting entities in the energy sector," the two agencies said in a joint statement late Thursday. "There is no indication of a threat to public safety, as any potential impact appears to be limited to administrative and business networks. In furtherance of public-private partnerships, the FBI and DHS routinely advise private industry of various cyber threat indicators in order to help systems administrators guard against the actions of persistent cyber criminals."

**PRUITT'S SOUTHEAST SWING:** EPA Administrator Scott Pruitt is in Georgia today with Agriculture Secretary Sonny Perdue for an event on using agency resources to promote stewardship. That comes after he toured several facilities in Alabama with Sen. [Luther Strange](#), his former attorney general buddy-turned-senator. They toured the Plant Gaston in Wilsonville, Ala., where Pruitt discussed the Clean Power Plan with employees and saw the DOE-affiliated National Carbon Capture Center research facility, which experiments with carbon-capture technologies. After that, the federal officials stopped by Brentwood Farm in Mooresville, where they spoke with Alabama Farm Federation members about the Waters of the U.S. regulation, which EPA has begun the process of rescinding (pic with large bales of hay and tractor [here](#)).

**Pruitt's takeaway:** "It's not the EPA's job to say to people across the country, 'Don't touch that. Don't use that,'" he told an Alabama [radio show](#). "It's our job to say as you develop and produce and generate electricity, this is the latest and greatest technology that should be used to achieve good emissions outcomes." Pruitt added his efforts to restore "a sense of focus" was already "making a difference" around the country.

**KIGALI BACKERS PLAY IT COOL, BOY, REAL COOL:** In January, while everyone was scrambling to figure out what the Trump administration would look like, backers of an international agreement struck in Kigali, Rwanda to curb global warming-causing coolants had a plan: Lay low, avoid headlines, let the administration staff up, and see where things are in 2018. "I think our position basically remains stable," said Joe Trauger, VP for policy and government relations for the Air Conditioning, Heating and Refrigeration Institute. "We're engaged in education efforts."

AHRI wants the amendment to the Montreal Protocol ratified — its provisions will boost AHRI's members — but the group doesn't want the deal, which could hold back half a degree of warming, to get thrown out by the White House. To that end, it has avoided meeting with any administration officials, including Secretary of State Rex Tillerson or his chief of staff. The group is in touch with career staff while it waits for Trump to appoint some key assistant secretaries. "We're working with some folks at the State Department to make sure we're in touch with them and able to communicate at the right time," Trauger said.

**Stay cool locally, stay real cool globally:** Simultaneously boosting the energy efficiency of air conditioners and other cooling equipment while moving toward more climate-friendly alternative refrigerants would avoid an additional 100 billion tons of carbon dioxide, according to [a report](#) out today. Prepared by the Institute for Governance & Sustainable Development and written by researchers at Lawrence Berkeley National Laboratory, the report finds those additional reductions could come on top of the estimated 100 billion tons of carbon dioxide reductions stemming from [the agreement](#) to limit global warming-inducing coolants. "The HFC phase out creates an important opportunity for U.S. industry to expand markets, and efficiency gains can save consumers billions in AC electricity costs, all while reducing global emissions on a monumental scale," Paul Bledsoe, a lecturer at American University's Center for Environmental Policy, said in a statement.

**\*\* Presented by ExxonMobil:** Biofuel refined from algae could transform how we power automobiles and jet planes. It's energy-rich and emits significantly less CO<sub>2</sub> than most transportation fuels. And it doesn't compete with food and fresh water supplies. We're actively researching this technology to move it from the petri dish to the fuel tank: [EnergyFactor.com](#)\*\*

**EPA TARGETS BIOFUEL IMPORTS AND BIODIESEL, HUH?** EPA wants to cut imports of biofuels, but the biodiesel and advanced biofuels industries are mystified as to why it's getting into that arena, Pro's Eric Wolff [reports](#). EPA cut back advanced biofuels, and it's inviting comment on cutting back advanced biodiesel, all in the interest of reducing imports from Argentina, Indonesia and Brazil. The National Biodiesel Board has a case against Argentina and Indonesia under investigation by the Commerce Department now, and biodiesel producers see that as a separate process from EPA. "It's not really their purview," said Gene Gebolys, CEO of biodiesel producer World Energy. "It's a strange logic — What makes one conclude that by holding volumes down, it will reduce imports? That makes a logic assumption that says the imports are the last in the door, and that's not the case."

**Will it calm the RIN-sanity?** Advanced biodiesel plays a critical role in meeting RFS targets,

thanks to the system of "nesting" which allows refiners to buy biodiesel credits to comply with the conventional biofuel mandate. If victorious, duties on imported biodiesel will likely drive up prices for credits across the board, Neelesh Nerurkar a vice president at ClearView Energy partners. However, EPA's reduction in the advanced and thus overall fuel requirement could relieve some of that pressure. "It helps mitigate some of the potential cost impact," he told ME.

**NEW KEYSTONE CAMPAIGN LAUNCHED:** Bold Nebraska, 350.org, Indigenous Environmental Network, CREDO, and Oil Change International launched a new push Thursday to install solar arrays along the route of the proposed Keystone XL pipeline in Nebraska. The groups hope to crowdsource funding for the installations ahead of the August public hearings Nebraska Public Service Commission about Keystone's proposed route through the state. "Putting solar panels in the path of Keystone XL is a local effort that mirrors the future we want to see at a massive scale," Sara Shor with 350.org said in a statement.

**MAIL CALL! SENATORS PUSH FOR GAO PROBE OF PANELS!** Ten Democratic senators, led by Sheldon Whitehouse, asked GAO in a Thursday letter to look at whether EPA is properly following procedures to ensure its scientific advisory panels are independent and balanced. In particular, the senators asked GAO to look at how EPA's procedures for selecting panel members compared to other agencies, how current compositions of the panels compare to previous ones and how previous administrations handled the reappointment and nomination process. EPA has declined to reappoint many current scientific advisers and suspended meetings of the Board of Scientific Counselors for the rest of the year while it decides whether to replace panel members.

**GRIJALVA PRESSES ZINKE ON ENERGY DOMINANCE:** House Natural Resources ranking member Raul Grijalva sent Interior Secretary Ryan Zinke a letter Thursday seeking information on how the administration's pursuit of "energy dominance" does not interfere with the Federal Land Policy and Management Act requirements to manage public lands "on the basis of multiple use and sustained yield." Grijalva also requested a definition of "energy dominance" and how the agency would measure when it has been achieved.

**GREENS: WE NEED MORE TIME ON WOTUS:** Nineteen environmental and public health groups asked Pruitt in a letter Thursday to extend the comment period on the proposed rule to rescind the Waters of the U.S. regulation to no less than six months. "Your planned 30-day comment period disregards the more than one million people who participated in the development of that rule and is a grossly inadequate amount of time for stakeholders to meaningfully engage in this rulemaking process," the groups, including the League of Conservation Voters, Clean Water Action and the Sierra Club, wrote.

**STEELWORKERS NO FANS OF E15:** The United Steelworkers fear Sen. Deb Fischer's bill to allow year-round sale of 15 percent ethanol fuel could allow more smog. The union sent a letter Thursday to all 100 senators arguing that the RFS needs a complete overhaul rather than the modification in Fischer's bill. The letter is a sign that lobbying on a bill to advance Fisher's bill out of committee is ramping up — Fischer and company need to convince six undecided EPW Democrats in order to advance the bill.

**HANDS OFF THE ENDANGERED SPECIES ACT:** Four hundred and twenty-five conservation groups sent [a letter](#) Thursday to House and Senate leadership urging them not to entertain any efforts to "modernize" or otherwise tweak the Endangered Species Act. "The Endangered Species Act is a profoundly popular law that represents fundamental American principles," the letter, signed by groups like 350.org, Citizens' Climate Lobby and Greenpeace, says.

**INTERESTING NEVADA TIDBIT:** Buried deep in The Nevada Independent's [announcement](#) of Rep. [Jacky Rosen's](#) Senate bid against [Dean Heller](#) is that Rosen would have opposed Rick Perry's nomination to run DOE given his efforts to revive Yucca Mountain. Both Heller and [Catherine Cortez Masto](#) supported Perry's confirmation back in March. Rosen vowed to fight "tooth and nail" against Yucca, which Heller also vocally opposes.

**FEDERAL EMPLOYEE GUILTY OF EMBEZZLEMENT:** An employee with the Bureau of Indian Education, Wilma Garcia, fraudulently issued multiple checks — amounting to \$24,031.99 — to various family members, an Interior IG [report](#) found. Garcia was "remorseful" for her actions and received five years' probation.

Those charges were far less salacious than other, ultimately "[unfounded](#)" allegations that the death of an USGS employee was due to "criminal negligence" by a trip leader during a research river trip in Grand Canyon National Park by ignoring signs of heat exhaustion. The investigation in that case found "no evidence of criminal conduct by the trip leader" or support for allegations federal agencies "conspired to alter facts when preparing their final reports" of the incident.

**TROUBLED NUCLEAR GIANT HIRES BIG GUNS:** Westinghouse Electric Co. has brought on Squire Patton Boggs for help "managing bankruptcy proceedings on Capitol Hill," according to [disclosure documents](#) posted this week. Among the lobbying giant's VIPs working on behalf of the nuclear company: former Senate Majority Leader Trent Lott; former Louisiana Sen. John Breaux and David Schnittger, former Speaker John Boehner's longtime deputy chief-of-staff.

**MOVER, SHAKER:** The National Rural Electric Cooperative is bringing on Bobby Hamill as a legislative affairs manager, working on generation and transmission issues. He was previously legislative director for Rep. [Morgan Griffith](#) (R-Va.) (h/t POLITICO Influence).

**Ben Somberg** has joined the Alliance to Save Energy as communications manager responsible for developing and executing communications strategies; he was previously press secretary for the American Association for Justice.

## QUICK HITS

— Buffett's Berkshire Nears Deal to Buy Electric-Grid Giant Oncor for More Than \$17.5 Billion. [Wall Street Journal](#).

— Sen. Strange: Allegations against him are 'fake news'. [Fox6](#).

- How Colorado Lured the Biggest Trade Show in the Outdoor Industry. [Outside](#).
- Oil Closes Below \$46 as U.S. Output Gain Offsets Stockpile Drop. [Bloomberg](#).
- Alberta regulators charge Nexen Energy over 2015 pipeline spill. [Reuters](#).
- Coastal Commission moves briefing on San Onofre nuclear waste to San Diego. [San Diego Union-Tribune](#).

## HAPPENING TODAY

No energy events scheduled.

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<https://www.politicopro.com/tipsheets/morning-energy/2017/07/us-g-20-near-detente-over-climate-language-023629>

## Stories from POLITICO Pro

### U.S., other G-20 nations near compromise on climate [Back](#)

By Andrew Restuccia | 07/06/2017 07:06 PM EDT

The United States and other major economies are nearing a compromise on climate change, one of the thorniest issues facing world leaders at the G-20 summit in Germany.

After days of preliminary talks, G-20 negotiators are increasingly hopeful they can settle on a joint communique in which the United States underscores its intent to withdraw from the Paris climate agreement while the other nations emphasize their support for the pact, according to a senior diplomat involved in the discussions.

Diplomats stressed that the text remains fluid and could be rewritten at the insistence of President Donald Trump and other world leaders, who will join the closed-door discussions in Hamburg over the next 48 hours.

But if it holds, the unity among the 19 other members of the G-20 would be a coup for German Chancellor Angela Merkel and other leaders who support strong action to tackle climate change. And it would further isolate the United States on the issue, underscoring that it is one of the few

countries in the world that don't back the 2015 Paris deal.

There has long been speculation that fossil fuel-dependent countries in the G-20 might hesitate to forcefully back the Paris agreement, and that nations like Turkey and Saudi Arabia might refuse to sign on to a separate action plan that details steps countries should take to reduce their emissions.

Instead, diplomats said, both countries are expected to join other nations in endorsing the Paris deal and backing the action plan — unless the tone of the talks shifts dramatically in the coming days. The action plan, which was written by German officials and will be referenced in the communique, is the product of months of negotiation, and some news reports say it was watered down in an attempt to win broader support.

"It seems that the G-19 is all on board," the diplomat said.

The joint communique will include several paragraphs on energy and climate issues, including a U.S.-backed section touting sustainability and the importance of improving energy security, according to diplomats and drafts reviewed by POLITICO.

According to new language shared with POLITICO, the communique will "take note" of the U.S. decision to withdraw from the Paris agreement and to "immediately cease the implementation" of former President Barack Obama's domestic emissions reduction plan, known in United Nations jargon as a "nationally determined contribution."

The draft says the U.S. is committed to an "approach that ... lowers emissions while supporting economic growth and improving energy security needs." An earlier draft used the phrase "global approach," but the latest version removed the word "global" because countries worried it left room for some nations to form an alternative international mechanism to reduce emissions beyond the Paris agreement.

"Given the importance of energy access and security in the nationally determined contributions of other countries, the United States of America will endeavor to work closely with other partners to help their access to and use of fossil fuels more cleanly and efficiently and help deploy renewable and other clean energy sources," the draft continues.

As it stands, the U.S.-centric portion of the communique is incorporated into the full text, rather than added as a footnote as it was in a statement issued at the close of a June G-7 meeting of environmental ministers.

The current G-20 draft communique includes some new hints at the Trump administration's Paris strategy. Trump's June announcement that he intends to withdraw from the agreement left many foreign diplomats scratching their heads, unsure about the United States' next steps.

One diplomat told POLITICO that the draft communique language leaves room for the U.S. to write a new domestic emissions reduction plan and then announce plans to stay in the agreement under those new terms. Trump could frame the decision as a victory, while also pleasing U.S.

allies.

In conversations with diplomats, some in the Trump administration have indicated that the president is open to that approach. But it remains unclear what the president will ultimately decide.

Still, outside experts and climate advocates say any broad show of support for Paris and Germany's climate action plan will be a reminder that Trump is increasingly on his own when it comes to climate change.

"That's really the top line on what's important coming out of this: another clear indication that the U.S. has isolated itself and is falling back while the other major parties step up and compete in the clean energy marketplace worth trillions of dollars," said former State Department climate change adviser Andrew Light, now a senior fellow at the World Resources Institute.

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### **Backers of HFC pact drop climate angle, cast Kigali as a trade boost [Back](#)**

By Eric Wolff | 01/30/2017 05:00 AM EDT

Supporters of an international agreement to limit global warming-inducing coolants are shifting their message to convince President Donald Trump to support it: It's a trade deal, not a climate change pact.

Both environmentalists and industry fear that Trump, who has dismissed climate change science, will rush to dump the amendment to the Montreal Protocol agreed in Kigali, Rwanda last year that would reduce the use of hydrofluorocarbons. But industry is wholeheartedly behind the deal, since it will enable U.S. manufacturers of air conditioning and refrigerants to sell a new generation of equipment to a global market.

"From a public messaging perspective, for the sake of the broader coalition, this a strategic trade initiative to advance U.S. competitiveness to help capture global market share, to help shut out the Chinese, and that provides environmental and climate co-benefits as well as co-benefits for economic development," said Dave Banks, executive vice president at American Council for Capital Formation, a nonpartisan group that aims to be a liaison between government and the business community.

Trump has not indicated whether he supports the deal, which his administration would need to submit to the Senate for approval.

Still, a strategy to frame the Kigali agreement to Trump as a trade deal comes with its own risks, since the new president has already pulled the U.S. out of the TPP and vowed to reopen NAFTA,

and instead favors bilateral trade deals.

The shift in message would mark a stark change from former President Barack Obama's touting of the agreement as one part of a trifecta of climate agreements, along with the Paris agreement and a deal on aviation emissions. The agreement struck in October would limit the use of HFCs in air conditioning and refrigeration. Those coolants have many times the heat-trapping properties of carbon dioxide, though they don't remain in the atmosphere as long, and reducing them could hold down climate change by 0.5° C [0.9° F] by 2100.

The amendment to the Montreal Protocol, first agreed to in 1987 to limit ozone-destroying chemicals, would drive a global push toward the kinds of advanced coolants that U.S. manufacturers are prepared to make. But the treaty also prevents participating countries from buying equipment from non-participating countries — which means U.S. manufacturers would be left out if the Senate doesn't approve it.

And if the Kigali amendment doesn't get come into force, U.S. manufacturers warn they will face competition from a flood of Chinese supplies of the old technology.

"Manufacturing plants in China capable of producing 30 million to 40 million units a year in that old technology," said Stephen Yurek, CEO of the Air-Conditioning Refrigeration, and Heating Institute, a trade group that represents 70 percent of the world's production of commercial heating, refrigeration, and air-conditioning equipment. U.S. production capacity is about 8 million units, the group says.

The Montreal Protocol has been amended four times, and some changes took years to clear the Senate. But AHRI hopes the deal will be ratified by 2019. The group wrote to Vice President Mike Pence shortly after the election, articulating a series of policy goals, including strong support for the agreement. The letter highlights the consequences of not joining.

"We want it to be clear that we support it, but they don't need to deal with it right way," Yurek said. "Wait until the end of this year or next year.

"We're just hoping it doesn't show up on a twitter feed at 3:30 in the morning," he added.

Yurek wants to allow Trump to get his administration in place so the group knows whom to talk to and what the best approach will be. "If we have to deal with it now or in the next six months, we're not going to have the ability to figure out what that message is," he said.

But the group will definitely not push an environmental message, and AHRI Vice President Francis Dietz said the group had "tried to decouple it from climate."

"We don't want this lumped in with climate because they did repeatedly say they want to scrap Paris, but they have not said that about this," he said.

So far, green groups are steering clear of the push to approve the treaty amendment.

Durwood Zaelke, president of the Institute for Governance & Sustainable Development, a group that was involved in the negotiations in Kigali, said ratifying the HFC amendment was a "no-brainer," but that the group was taking a backseat.

"This is a process that is clearly being led by industry and will continue to be lead by industry," he said.

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### **Biodiesel industry baffled by EPA move into imports dispute [Back](#)**

By Eric Wolff | 07/06/2017 06:03 PM EDT

Biodiesel producers are pressing EPA to rethink proposed cuts in the volume mandates for advanced biofuels and a decision to keep biodiesel levels in the U.S. market flat — moves they say will only hurt the domestic industry without reducing the imports EPA is targeting.

The U.S. biodiesel makers say EPA Administrator Scott Pruitt's effort to stem the rising flow of imports from Argentina, Brazil and Indonesia can be better handled through trade rules, not the Renewable Fuel Standard that governs biofuel volumes. The industry has lodged a case with the Commerce Department against subsidized biodiesel imports from Argentina and Indonesia that it expects to win some time next year.

"All of that should be dealt with separately, and not within the RFS," said Anne Steckel, vice president for federal affairs for the National Biodiesel Board. "By limiting the growth in the advanced program, they're only hurting the domestic industry. They can't block [imports] through this program. The imports will still come in ... because they're cheaper. That only makes my members ability to grow even smaller."

EPA argues that imported biofuels undermine the RFS goal of promoting energy independence, but it has few policy tools to address the issue. That prompted the agency to take a blunt force approach, proposing cuts for advanced biofuels to discourage imports from Brazil, Argentina and Indonesia, and to seek comments on whether it should reduce volumes for advanced biodiesel in 2019.

Steckel said her members likely brought up the import complaints in meetings with EPA and White House officials this year about the RFS program. Biodiesel imports from Argentina and Indonesia have been ramping up over the last few years, with Argentina delivering 331 million gallons last year, according to the Energy Information Administration, about 17 percent of the volume required under the 2016 RFS.

Sens. [Maria Cantwell](#) (D-Wash.) and [Chuck Grassley](#) (R-Iowa) have co-sponsored legislation to create a biodiesel producers tax credit, which would not be available to imports, and would

replace an expired blenders credit available to importers.

NBB's trade complaint accusing Argentina and Indonesia of dumping government-subsidized fuel into the U.S. market won a 5-0 vote from the International Trade Commission in May, sending the issue to the Commerce Department for an investigation. Commerce could impose duties to offset those subsidies if it determines the foreign producers are violating trade rules.

But the import issue is outside the scope of EPA's power under the RFS, according to the biodiesel industry.

"It's not really their purview," said Gene Gebolys, CEO of biodiesel producer World Energy. "It's a strange logic — what makes one conclude that by holding volumes down, it will reduce imports? That makes a logic assumption that says the imports are the last in the door, and that's not the case."

President Donald Trump's call for American energy dominance and calls to renegotiate global trading regimes in the United States' favor may have influenced Pruitt's move. Sources told POLITICO that Pruitt delayed releasing the RFS volume proposal for weeks while he sought a method to pare imports. Instead of increasing cellulosic biofuels by 100 million gallons as sources said the agency would do in June, he instead cut the cellulosic fuel mandate by 73 million gallons and the overall advanced fuels pool by 40 million gallons.

EPA declined to comment on Pruitt's decision.

But in the proposed rule, EPA writes that imported biofuel specifically contravenes the goals of Congress in creating the program. "Due to their origin outside the United States, imported renewable fuels may not have the same impact on energy independence as those produced domestically," the agency said.

Biodiesel mandates are set a year earlier than other segments, such as the conventional biofuel requirements, and the 100 million gallon increase in 2018 to 2.1 billion gallons was finalized by the Obama administration last year.

EPA proposed leaving the 2019 volumes unchanged, arguing that because advanced biodiesel could be used to fill other requirements in the program, the total amount of biodiesel produced would not be affected. The industry had asked for an increase to 2.75 billion gallons, a figure Steckel says producers could easily meet. EIA [shows](#) biodiesel plants operated at 68 percent of their capacity in 2016.

And EPA indicated it was considering a downward revision in the final rule due in November as part of its effort to curb imports.

"In light of these considerations, EPA requests comment on whether or not to reduce the biomass-based diesel required volume below the level specified in this proposed rule for 2019," it says in the proposal. "And to what degree these considerations could ... reduce the required volume of advanced biofuel ... below the level proposed for 2018."

World Energy's Gebolys said he's hopeful EPA won't pursue any cuts.

"What's typically happened in the past is they leave themselves maximum flexibility in the proposal," Gebolys said. "I think that's what happened here, they wanted to avoid painting themselves into a corner."

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### **EPA suspends science committee's work, mulls replacing most members** [Back](#)

By Annie Snider and Eric Wolff | 06/20/2017 03:27 PM EDT

EPA is suspending meetings of a key scientific advisory committee for the rest of this year while the agency considers whether to replace most of its members.

The agency told members of the Board of Scientific Counselors that they would have to reapply for their seat if their first term expires this August or next March, rather than being automatically reappointed for a second three-year term as has traditionally been the case. Acting Administrator for the Office of Research and Development Robert Kavlock's [email](#) to BOSC members on Monday announcing the change follows a previous [decision](#) not to automatically re-up members whose term ended in April of this year.

"It completely wipes out BOSC," committee Chair Deborah Swackhamer told POLITICO. She pointed out that the committee was about to begin a major review of the agency's research programs as it plans for the next five years' worth of work.

The new round of notices means only 11 of 49 subcommittee members will remain after August, Swackhamer said. The board's [executive committee](#), which typically has around 20 members, will be down to just three, she said. EPA said they will be allowed to submit new applications.

"At the very least, this slows down BOSC's activity by nearly a year," Swackhamer said. "It also bodes poorly for other committees at EPA — one-third of the flagship Science Advisory Board is due to complete their first term in September."

The agency has [previously said](#) that Administrator Scott Pruitt wants to hear more input from those who understand how regulations affect the economy.

"EPA is grateful for the service of all BOSC members, past and present, and has encouraged those with expiring terms to reapply," EPA spokeswoman Amy Graham said Tuesday. "We are taking an inclusive approach to filling future BOSC appointments and welcome all applicants from all relevant scientific and technical fields."

Kavlock's email made clear that anyone interested in applying for a second term had to submit their nomination by a June 30 deadline laid out in the Federal Register.

"Because of the need to reconstitute the BOSC, we are canceling all subcommittee meetings initially planned for late summer and fall," Kavlock wrote. He said EPA's goal was for the committee and subcommittees to "resume their work in 2018."

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