

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Morning Energy  
**Sent:** Wed 10/18/2017 2:03:23 PM  
**Subject:** POLITICO's Morning Energy, presented by the National Biodiesel Board: Pruitt's Midwest charm offensive short on policy promises — EPW axes votes on various nominations — Pence suggests some energy tax incentives will remain

By Anthony Adragna | 10/18/2017 10:00 AM EDT

*With help from Darius Dixon*

**PRUITT'S CHARM OFFENSIVE HAS FEW ACTUAL PROMISES:** Seven corn-state Republican senators emerged smiling from what they deemed a "good" meeting with EPA Administrator Scott Pruitt on Tuesday but they got no concrete policy promises on the Renewable Fuel Standard from him, Pro's Eric Wolff and your ME host [report](#). Iowa Sen. [Chuck Grassley](#) said following the meeting he was "watching this issue closely" and plans "to hold the administration accountable," while his Iowa colleague [Joni Ernst](#) said: "Administrator Pruitt again claimed today that he will not do anything to undermine the program. However, we have heard this before. We now need to see it."

**Ernst's statement is key** because, unlike Sen. [Deb Fischer](#), the Environment and Public Works Committee member pointedly declined to back Bill Wehrum to run the agency's air office following the meeting. That's likely why the committee [announced](#) a few hours after the meeting that it would postpone "until further notice" a vote slated for today on various EPA, NRC and federal highway picks. With just an 11-10 majority on the panel, Republicans can afford no defections. The committee provided no explanation for the last-minute move and declined to comment.

**So what did they talk about with Pruitt?** Senators said they reminded the administrator of President Donald Trump's repeated support for biofuels. They also discussed the possibility of allowing year-round sales of 15 percent ethanol and got positive signals on that front: "I'm also encouraged there about the fact that there's a lot of dialogue inside the EPA," Sen. [Ben Sasse](#) told reporters. And Pruitt - who showed up with a flock of senior staff and fled without taking questions - brought up the cost of biofuel credits, called Renewable Identification Numbers, one of the primary complaints of some independent refiners. "He also talked a lot about the volatility of RINS and the fact we need to address that," Sen. [Mike Rounds](#) told ME. "And we all agreed with him."

**Attendees:** Ernst, Grassley, Fischer, Rounds, Sasse, [John Thune](#) and [Pat Roberts](#).

**Watch this:** Biofuels defy normal partisan politics and this bloc of corn-state Republicans could wreak havoc on their party's agenda if they throw their weight around on RFS issues. "We have a big enough group that is passionate about these issues that I think we can get their attention when we need to," Thune told ME of the dynamic.

**Some greens agree with Pruitt,** albeit for different reasons. A group of five environmental groups, including the Clean Air Task Force and Sierra Club, are backing Pruitt's call to reduce

biodiesel requirements. "We support EPA's current effort to determine whether reductions to these RFS mandates are warranted," they write in a [letter](#).

**For your radar:** Iowa Gov. Kim Reynolds is holding a press conference today at 2:30 p.m. to discuss the "growing threat" to the RFS posed by EPA's signals. Watch [here](#). Trump's slated to speak with Reynolds by phone at 11 a.m.

**WELCOME TO WEDNESDAY!** I'm your host Anthony Adragna, and Entergy's Rob Hall was first to identify Sen. [John Thune](#) as the senator who defeated a sitting party leader (Tom Daschle) for his seat. For today: Which senator lost their original 2002 bid but won a 2008 rematch? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#) and [@POLITICOPro](#).

**MONEY IN YOUR EARS:** POLITICO's new Money podcast brings you to the intersection of Washington and Wall Street with the most influential minds on the economy. Every Wednesday, Ben White will help you understand the economic and financial policies that move markets. While money never sleeps, you have to - so let Ben keep you up to speed and turn dollars into sense. The first POLITICO Money podcast, premiering with our launch sponsor, Morgan Stanley, features Treasury Secretary Steven Mnuchin. Click [HERE](#) to subscribe.

**CONCERNS RAISED OVER PUERTO RICO FRAUD:** A group of House Natural Resources lawmakers, led by Chairman [Rob Bishop](#), sent letters Tuesday to [FEMA](#) and [the FBI](#) seeking information about alleged mishandling by local officials of emergency relief supplies in Puerto Rico. "Allegations that local elected officials are distributing life-sustaining FEMA emergency supplies based on political loyalty is deeply disturbing," they wrote. "Any persons misappropriating FEMA emergency supplies should be prosecuted to the fullest extent of the law." The lawmakers want briefings from both agencies by Oct. 23.

**Hearing announced:** Bishop announced the committee would hold an [oversight hearing](#) on the Puerto Rico response efforts Oct. 24. Energy and Commerce subcommittees are expected to announce similar sessions this week.

**McCaskill seeks her own investigation:** Sen. [Claire McCaskill](#), the top-ranking Democrat on the Homeland Security Committee, called for a bipartisan investigation into the federal government's response to the string of recent hurricanes. Letter [here](#).

**INTERIOR-EPA MARK SHELVED:** Citing "uncertain timing of votes on the budget resolution," the Senate Appropriations Committee announced late Tuesday it would postpone a scheduled markup of the fiscal 2018 EPA-Interior spending package until next week. The move comes as the panel's chairman, [Thad Cochran](#), [returned to Washington](#) after being away several weeks due to health problems. Separately, 115 scientists and health professionals sent a [letter](#) to committee members Tuesday urging them to maintain current funding levels for EPA.

**TRUMP CLAIMS WEST VIRGINIA 180:** During a Tuesday interview on "[Fox News Radio](#)," Trump personally took credit for boosting the fortunes of West Virginia thanks to his efforts to boost coal. "I've turned West Virginia around, because what I've done environmentally with

coal," he said. "And everyone's saying 'I can't believe it,' because they were having such problems." West Virginia's senators have repeatedly acknowledged coal will never return to where it once was so it's unclear what exactly Trump's taking credit for here.

**Clips from Pruitt's own "Fox Business" interviews on Tuesday are available [here](#) and [here](#).**

**PENCE: SOME ENERGY BREAKS WILL STAY:** During an appearance in Buffalo, N.Y., Vice President Mike Pence suggested some current tax incentives for energy efficiency would likely stick around as Republicans advance tax reform. "Those incentives that are in the tax code today, tax credits that are in today will remain in effect unless we've addressed them in the plan that we've outlined," Pence said. "Some of those historic energy incentives, I expect to remain in place unless Congress decides otherwise."

**WHITEHOUSE SLAMS EPA NOMINEE RESPONSES:** Prior to the nomination hearing being shelved without explanation, Rhode Island Democratic Sen. [Sheldon Whitehouse](#) released [responses](#) from Wehrum and EPA chemical office pick Michael Dourson where they dodged questions on a host of matters related to their new posts. "The President's pick to run the air pollution office hasn't read the most pivotal Supreme Court ruling on greenhouse gas regulation ever?" Whitehouse said of Wehrum. "He's 'not familiar' with the science on the health effects of ozone, an all-too-common pollutant that affects vulnerable groups across the country? Really?" Read them [here](#).

**ME FIRST - CLEAN ENERGY GROUP BACKS GILLESPIE:** Citizens for Responsible Energy Solutions today endorsed Republican Ed Gillespie's gubernatorial bid in Virginia and Jill Vogel's bid to become lieutenant governor. "I agree with Citizens for Responsible Energy Solutions that we need to find commonsense solutions that balance the Commonwealth's economic, energy and environmental needs," Gillespie said in a statement.

**\*\* Presented by the National Biodiesel Board:** EPA wants to reduce volumes in the Renewable Fuel Standard (RFS), which would kill jobs, thwart economic growth and potentially bankrupt farmers. We must support U.S. workers and grow the economy with more biodiesel in a growing RFS. Make your voice heard with the EPA: <http://bit.ly/2ghDLo3> \*\*

**FERC CHIEF CALLS FOR ENFORCEMENT REVIEW:** After a string of court rulings that rejected FERC's penalties, Chairman Neil Chatterjee said Tuesday it's time for the commission to take a hard look at its enforcement policies, Pro's Darius Dixon [reports](#). "The courts have rejected FERC's interpretation of de novo review five times under the Federal Power Act," he told energy lawyers. "The courts have spoken, and I, for one, am listening." Chatterjee said his goal is to "chart a new course that is fair and legally defensible."

**Don't hold your breath:** Senate Energy Chairman [Lisa Murkowski](#) doesn't expect any package of energy nominees to advance this week given everything that's going on. "I don't think it's going to happen this week," she told ME. "Do I want it to happen? Yes." Two additional FERC picks are among the nominees awaiting floor action.

**SENATORS TO FERC: IGNORE PERRY'S PUSH:** Eleven members of the Senate

Democratic caucus, led by Energy and Natural Resources Ranking Member [Maria Cantwell](#), are urging FERC in a [letter](#) to reject Energy Secretary Rick Perry's proposed grid resiliency plan that would benefit coal and nuclear sectors. "We urge the Commission to reject this ill-conceived proposed rule and return, in a deliberative manner and with the benefit of a full Commission, to reviewing and building upon the record developed in existing proceedings related to the organized markets in a way that truly benefits consumers," they wrote.

**EARLY GRID STUDY WRITER CHIPS AT DOE PROPOSAL:** Alison Silverstein, an early author of the Energy Department's grid study, gave a [presentation](#) Tuesday in Nevada that seemed to undermine the agency's controversial resiliency pricing proposal for coal and nuclear power. Speaking at the joint meeting of the fairly obscure Committee on Regional Electric Power Cooperation and Western Interconnection Regional Advisory Body, Silverstein's talk included a slide titled "Coal needed for resilience? Not so much..." which explained how "Coal plants that retired recently did not operate as baseload" - countering the crux of Energy Secretary Rick Perry's pricing plan to FERC - and pointed out that "[a]verage coal on-site inventories today only 45-70 days, not 90 days." Silverstein left DOE well before the final grid study was released in August.

**SPARED?** In private conversations with GOP leaders, Trump has pledged to spare Sens. [John Barrasso](#) and [Deb Fischer](#) from primary challenges launched by Steve Bannon, National Journal [reports](#), citing conversations with two GOP sources familiar with the discussions. The president hinted at such a move during a Monday press conference.

**LAWSUIT FILED OVER ROYALTY RULE:** California and New Mexico filed a [lawsuit](#) Tuesday in the U.S. District Court for Northern California challenging the Trump administration's plan to repeal the 2017 valuation rule for coal, oil and natural gas extracted from federal lands, Pro's Alex Guillén [reports](#). In their filing, the states argue Interior's explanations for repealing the rule "are nothing more than trumped-up technicalities that do not justify throwing out the Rule in its entirety." They call for the rule to be reinstated.

**EXAMINING FOSSIL FUEL IMPACTS IN OKLAHOMA:** The Coalition for Oklahoma's Renewable Energy released a [report](#) looking at the public health impacts of oil and gas development in Pruitt's home state. They note it comes as Pruitt's EPA and Interior have moved to suspend methane standards.

**MAIL CALL! BUT REALLY, SHOW ME THE MONEY:** House Natural Resources ranking member [Raul Grijalva](#) asked Interior Secretary Ryan Zinke in a Tuesday [letter](#) to explain what he's done with \$400,000 in appropriated funds toward a study on the health impacts of mountaintop removal mining. Zinke's agency [ordered](#) the National Academy of Sciences to cease all work on the study back in August.

**NEW CHALLENGE TO ENDANGERMENT FINDING:** A group of 60 skeptics of mainstream climate change science sent Pruitt a [letter](#) Tuesday seeking "an honest, unbiased reconsideration" of the agency's 2009 endangerment that compelled it to take action on climate change. The Competitive Enterprise Institute led the effort.

**FOR YOUR RADAR:** The Bipartisan Policy Center hosts former Energy Secretary Ernest Moniz today at 9 a.m. for a discussion on the "role U.S. nuclear energy plays in achieving national security objectives." Watch [here](#).

**SENDING HELP:** The offices of seven attorneys general fighting Trump administration environmental regulatory rollbacks - Illinois, Maryland, Massachusetts, New Mexico, New York, Washington and Washington, D.C. - will receive legal fellows from State Energy & Environmental Impact Center at NYU School of Law, the organization announced Tuesday.

## QUICK HITS

- GE to make payments to U.S. government over delayed Baker Hughes divestiture. [Reuters](#).
- Puerto Rico Turns to Unproven Montana Company for Massive Power Restoration Job, But No One Knows Why. [Weather Channel](#).
- Idaho wary of Obama 'leftovers' working on sage grouse plan. [AP](#).
- Iraqi Forces Retake All Oil Fields in Disputed Areas as Kurds Retreat. [New York Times](#).
- Minnesota judge allows 'necessity defense' in pipeline case. [AP](#).
- Alaskan Chris Hladick to head EPA Region 10 office in Seattle. [Alaska Dispatch News](#).

## THAT'S ALL FOR ME!

**\*\* Presented by the National Biodiesel Board:** Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil and animal fats, biodiesel is a renewable, clean-burning diesel replacement that can be used in existing diesel engines without modification. EPA wants to reduce biodiesel volumes in the Renewable Fuel Standard (RFS), which would kill jobs, thwart economic growth and potentially bankrupt farmers. We must support U.S. workers and grow the economy with more biodiesel in a growing RFS. Tomorrow is the last day to make your voice heard with the EPA: <http://bit.ly/2ghDL03> \*\*

*To view online:*

<http://www.politico.com/tipsheets/morning-energy/2017/10/18/pruitts-midwest-charm-offensive-short-on-policy-promises-222868>

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