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From: **Morning Consult** <reply@e.morningconsult.com>
Date: Fri, Dec 8, 2017 at 6:01 AM
Subject: Morning Consult Energy: Trump Pushes GOP Lawmakers to Resolve Dispute Over Biofuel Mandate
To: jperez@blm.gov

By [Iulia Gheorghiu](#)

Government Brief

- President Donald Trump urged Republicans to reach a resolution over the U.S. biofuel mandate in a dispute that has pitted corn state interests against oil and gas states, according to lawmakers in attendance at a White House meeting. Several oil state senators, led by Sen. Ted Cruz (R Texas), had requested the meeting to discuss possible changes to the renewable fuels policy to protect refinery jobs, which they contend are at risk because of high renewable fuel credit prices. ([Bloomberg](#))
- Environmental Protection Agency Administrator Scott Pruitt told a House Energy and Commerce Committee panel that the agency is committing to replace the Obama administration's climate change rule for regulating power plant emissions, after repealing it. Pruitt had previously committed only to considering a replacement to the Clean Power Plan, which he sees as containing many illegal provisions under the Clean Air Act. ([The Hill](#))
- Interior Secretary Ryan Zinke spent more than \$14,000 to use government helicopters this summer to accommodate his political

events schedule, including a ride to and from Yorktown, Va., so that he could get back to Washington in time to horseback ride with Vice President Mike Pence, according to travel logs released through a Freedom of Information Act request. Zinke is already being investigated by the Office of Special Counsel and the Interior's inspector general for his mixing of government travel and political events, but his staff said that these newly disclosed helicopter flights were used because his tight schedule didn't allow for cheaper alternatives or were for official business. ([Politico](#))

Business Brief

- The Virginia Water Control Board voted 5 2 to issue a water quality certification for the Mountain Valley Pipeline, a natural gas project, determining that there was "reasonable assurance" that the pipeline's construction would not contaminate water along its route. The board will vote next week on permits for a second project to pass through the state, the Atlantic Coast Pipeline. ([The Associated Press](#))
- The Interior Department's Bureau of Land Management published a new rule in the Federal Register today aimed at delaying until 2019 the Obama administration's regulation that restricts harmful methane emissions from oil and gas production on federal lands. The methane rule was supposed to be fully enforced by Jan. 17, 2018, but BLM said the suspension is meant to allow the oil and gas industry to avoid compliance costs while the BLM reviews the rule's requirements over the next year. ([The Washington Post](#))
- In an effort to kick start the energy storage industry in Massachusetts, the state is awarding \$20 million in grants to 26 large scale energy projects, including some run by General Electric Co. and Tesla Inc. Most of the projects are built around lithium ion battery storage technology, and the biggest grant beneficiary, Tesla, will receive \$2.3 million for two projects. ([Boston Business Journal](#))

Chart Review

U.S. liquefied natural gas exports have increased as new facilities come online

U.S. Energy Information Administration

Events Calendar (All Times Local)

FRIDAY

2017 States & Nation Policy Summit hosted by ALEC	9 a.m.
NCAC discussion on U.S. oil and natural gas outlook	12 p.m.
Forum on climate and Bonn results hosted by GW Law School	12 p.m.

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General

Trump Urges Republicans to Resolve Feud Over Ethanol Mandate
Jennifer A Dlouhy and Jennifer Jacobs, Bloomberg

President Donald Trump urged Republicans to settle their differences over the U.S. biofuel mandate at a White House meeting Thursday with Ted Cruz

and other senators critical of the requirement for ethanol use, according to lawmakers who attended. Some senators are exploring the possibility of putting a cap on the price of some renewable identification numbers, or RINs, the tradeable credits used to show compliance with annual biofuel quotas, said a lobbyist who was briefed on the meeting by participants.

Trump will suspend a rule to limit a pollutant far worse than carbon

Darryl Fears, The Washington Post

The Trump administration will suspend a rule to limit methane leaks from oil and gas operations on federal land, but its true aim may be to kill the Obama era requirement. A notice slated to be published Friday in the Federal Register by the Bureau of Land Management said the agency "has concerns regarding the statutory authority, cost, complexity, feasibility, and other implications" of the 2016 rule, which is set to go fully into effect next month.

Pruitt: EPA to replace Obama climate rule

Timothy Cama, The Hill

The Environmental Protection Agency (EPA) is committing to pursue a replacement climate change rule for power plants after repealing the Obama administration's regulation on the matter, agency head Scott Pruitt told a House Energy and Commerce Committee panel on Thursday. "We are going to be introducing a replacement rule too, in place of the Clean Power Plan," Pruitt told Rep. Raul Ruiz (D Calif.) in response to questioning about the EPA's plans to repeal the Obama rule.

Zinke booked government helicopters to attend D.C. events

Ben Lefebvre, Politico

Interior Secretary Ryan Zinke spent more than \$14,000 on government helicopters this summer to take himself and staff to and from official events near Washington, D.C., in order to accommodate his attendance at a swearing in ceremony for his replacement in Congress and a horseback ride with Vice President Mike Pence, according to previously undisclosed official travel documents. The travel logs, released to POLITICO via a Freedom of Information Act request, show Zinke using taxpayer funded vehicles from the U.S. Park Police to help accommodate his political events schedule.

Oil stable as strong Chinese demand counters rising dollar

Henning Gloystein, Reuters

Oil prices were stable on Friday as the weight of a strengthening U.S. dollar was countered by China's relentless thirst for crude and the OPEC led supply cuts that have gradually tightened the market this year. Brent crude futures, the international benchmark for oil prices, were up 7 cents, or 0.1 percent, at \$62.27 a barrel.

Oil and Natural Gas

Virginia water board certifies proposed Mountain Valley Pipeline **The Associated Press**

Virginia's Water Control Board has issued a certification for a proposed natural gas pipeline that will run through six counties in the state. The board voted 5 2 Thursday to issue a water quality certification for the Mountain Valley Pipeline.

BP says 2017 a success as it shifts focus to natural gas **Jordan Blum, The Houston Chronicle**

The massive Zohr gas field off Egypt will come online by the end of December, marking the completion of what British energy giant BP says is one of its biggest years ever as it increasingly focuses on international natural gas projects. BP is shifting from crude oil toward cleaner burning gas projects in developing parts of the world as it seeks to transform itself as a result of the 2010 Deepwater Horizon tragedy, the subsequent oil price bust and the world's increasing focus on climate change.

Asia, Europe prices to boost US LNG exports over winter: EIA **Harry Weber and Liz McFarland, Platts**

Strong demand for power plant and home heating fuel, along with high spot prices in Asia and Europe, are expected to boost US LNG export volumes and utilization of liquefaction units this winter, the Energy Information Administration said Thursday. However, overall utilization of existing LNG liquefaction facilities in 2018 will be slightly lower, on average, than in 2017, EIA said in a report.

Trump officials examining states' authority in pipeline delays **James Osborne, The Houston Chronicle**

After years of pipeline projects getting held up or derailed by environmental concerns, the Trump administration is examining ways to get around state roadblocks that have made it increasingly difficult to build in certain parts of the United States. In late October, the Federal Energy Regulatory Commission startled many state officials when it granted a construction permit for a natural gas pipeline in New York, despite state regulators turning down the developer over concerns the project would increase greenhouse gas emissions that contribute to climate change.

Utilities and Infrastructure

FERC needs 30-day extension before it can rule on Rick Perry's plan to save coal, nuclear plants

Josh Siegel, Washington Examiner

Kevin McIntyre, the newly sworn in chairman of the Federal Energy Regulatory Commission, has told Energy Secretary Rick Perry it needs a 30 day extension before it can rule on his proposal to subsidize coal and nuclear plants. McIntyre, a Republican nominee of President Trump, was sworn in as chairman on Thursday, which gave the FERC a full slate of five members for the first time in two years.

Tesla, GE among recipients of \$20M in state grants for energy storage projects

Kelly J. O'Brien, Boston Business Journal

Gov. Charlie Baker's administration is awarding \$20 million in grants to about two dozen large scale energy storage projects in Massachusetts, including some run by General Electric Co. (NYSE: GE), Tesla Inc. (Nasdaq: TSLA) and National Grid plc (NYSE: NGG). The money will support 26 projects with a variety of business models with the ultimate goal of kickstarting an industry that promises wide benefits but has struggled to fit into the economic calculus of the electricity market.

Should utilities turn off the electricity when wildfire risk is high?

Paul Rogers, The Mercury News

With strong winds blowing and bone dry conditions, utility officials in San Diego on Thursday began shutting off the power to thousands of people a pre emptive move to reduce the danger of power lines sparking wildfires.

Even though no fires were burning in San Diego County on Thursday morning, the utility notified up to 170,000 customers that they could have their power shut off by Saturday as a safety precaution, and that electricity in some affected communities wouldn't be back on until Monday.

Renewables

Renewable Energy Is Surging. The G.O.P. Tax Bill Could Curtail That.

Brad Plumer and Jim Tankersley, The New York Times

The Republican tax bills moving through Congress could significantly hobble the United States' renewable energy industry because of a series of provisions that scale back incentives for wind and solar power while bolstering older energy sources like oil and gas production. The possibility highlights the degree to which the nation's recent surge in renewable electricity generation is still sustained by favorable tax treatment, which has lowered the cost of solar and wind production while provoking the ire of fossil fuel competitors seeking to weaken those tax preferences.

Bay Area Rapid Transit to Run on Electricity From Canadian Solar

Brian Eckhouse, Bloomberg

Canadian Solar Inc. agreed to supply 45 megawatts of solar power to Bay Area Rapid Transit. BART signed a 20 year power purchase agreement for electricity from the Gaskell West 2 project in Southern California, according to a statement Thursday from Guelph, Ontario based Canadian Solar.

Coal

Bob Murray had early access to Rick Perry to share coal plan

Eric Wolff, Politico

Coal magnate Bob Murray pitched Energy Secretary Rick Perry on his plan to throw an economic lifeline to coal companies less than a month before Perry set in motion plans to aid the industry, according to newly disclosed photographs that show the two meeting. The meeting puts Murray and Perry together at a crucial moment in the timeline of the Trump administration's push to save the struggling coal industry, an effort that would benefit Murray Energy in particular while raising electricity prices for potentially millions of people.

European coal staring into abyss, says climate study

Andrew Ward, Financial Times

More than half of the coal fired power stations in the EU are lossmaking and almost all will be by 2030, according to a study that says the fossil fuel faces a "death spiral" in Europe. Some 54 per cent of EU coal plants are already running at a loss, according to Carbon Tracker, and this will increase to 97 per cent by 2030 if European governments take the action needed to meet their climate targets under the Paris agreement.

China does U-turn on coal ban to avert heating crisis

BBC News

China's government has allowed some northern cities to burn coal in a temporary policy U turn, as the country faces a heating crisis. The coal ban has also reportedly led to a gas shortage as people rushed to switch to the alternative source, which has compounded the problem.

Nuclear

Activist group and Coastal Commission spar over nuclear waste at

San Onofre

Rob Nikolewski, The San Diego Union-Tribune

A San Diego activist group that wants to block nuclear waste from being stored at the San Onofre Nuclear Generating Station (SONGS) has insisted the California Coastal Commission did not have authority to issue a permit in 2015 allowing the plant's operators, Southern California Edison, to build an additional storage site on the plant's premises. On Wednesday, Public

Watchdogs pointed to a letter sent two years ago from an official at Marine Corps Base Camp Pendleton to the commission that said roughly the same thing.

Power from mini nuclear plants 'would cost more than from large ones'

Adam Vaughan, The Guardian

Electricity from the first mini nuclear power stations in Britain would be likely to be more expensive than from large atomic plants such as Hinkley Point C, according to a government study. Power from small modular reactors (SMRs) would cost nearly one third more than conventional large ones in 2031, the report found, because of reduced economies of scale and the costs of deploying first of a kind technology.

Savannah River Remediation contract to be extended

James Folker, The Augusta Chronicle

The Department of Energy is planning to extend its current contract with Savannah River Remediation for liquid waste cleanup at Savannah River Site for five months as the process of bringing in a new contractor continues. In October, DOE awarded the liquid waste contract, estimated at about \$4.7 billion, to Savannah River EcoManagement LLC, a consortium of BWXT Technical Services Group Inc., Bechtel National Inc. and Honeywell International Inc.

Climate

In a Warming California, a Future of More Fire

Henry Fountain, The New York Times

Severe wildfire seasons like the one that has devastated California this fall may occur more frequently because of climate change, scientists say. The reason is an expected impact of climate change in California: increasing year to year variability in temperature and precipitation that will create greater contrast between drought years and wet years.

EPA chief says public climate debate may be launched in January

Valerie Volcovici, Reuters

The U.S. Environmental Protection Agency could launch a public debate about climate change as soon as January, Administrator Scott Pruitt said on Thursday, as the agency unwinds Obama era initiatives to fight global warming. The agency had been working over the past several months to set up a "red team, blue team" debate on the science relating to man made climate change to give the public a "real time review of questions and answers around this issue of CO₂," Pruitt said.

Opinions, Editorials and Perspectives

The Trump Administration's Coal Bailout Editorial Board, The New York Times

Federal energy regulators will soon vote on a ham fisted Trump administration proposal to subsidize coal fired power plants. This plan could cost families and businesses billions of dollars in higher electricity prices for no discernible public benefit.

Ethanol Hostages on Capitol Hill Editorial Board, The Wall Street Journal

Trump Administration's nominees should enjoy an easy path to Senate confirmation, given GOP control of Congress and the White House. But the federal government's warped ethanol policy is pitting corn state Republicans against refinery state Republicans, and the conflict has devolved into a hostage crisis involving several Trump nominees.

Why we shrunk the monuments Ryan Zinke, CNN

In 1906, President Teddy Roosevelt signed the Antiquities Act, giving the President power to proclaim objects on federal lands as national monuments and to reserve the smallest area of land compatible with their protection as part of the monument designation. In recent years, however, presidents have abused the Antiquities Act to lock up vast swaths of public land.

President Trump, come see what makes America great Steve Bullock, The Washington Post

If President Trump had grown up the way so many of us have, he might feel differently about pulling the rug out from under so many people whose livelihoods depend on our access to public lands. Trump's decision to substantially shrink the Bears Ears and Grand Staircase Escalante national monuments in Utah reveals how at the most basic level he and his administration misunderstand what it means to preserve and protect our history our heritage for future generations.

When more is less: Higher oil and gas taxes are the wrong way forward for Alaska Laura Schepis, The Juneau Empire

Alaska's citizens and the oil and gas industry have a long and mutually beneficial relationship. Even as oil prices fluctuate and trend lower because of abundant global supply, oil and gas continues to pay a significant share of taxes that support a wide range of government services.

Crude oil rally stalls as fuel prices soften

John Kemp, Reuters

Surging prices for refined products, especially distillate fuel oil, led crude prices higher between June and November, but now fuels are slipping and putting crude under pressure. Gross refining margins for producing distillate fuel oil from U.S. crude rose from \$14 per barrel in June to more than \$25 per barrel in the middle of November.

Research Reports

Energy Security Fact Pack: Q3 2017

Paul Ruiz and Skylar Drennen, Securing America's Future Energy

The Energy Security Fact Pack for Q3 2017 examines growth in the U.S. electric vehicle market, improvements in EV battery range and efficiency, the EV plans of automakers worldwide, and more. U.S. crude oil and petroleum product imports fell to 9.7 mbd in Q3 2017 (0.4 mbd y o y), breaking 10 consecutive quarters of y o y increases.

**Transmission Investment: Revisiting the Federal
Energy Regulatory Commission's Two-Step DCF Methodology for
Calculating Allowed Returns on Equity**

ScottMadden, Inc. and Edison Electric Institute

The electric power industry is vital to American jobs and our nation's economy. Because virtually every sector of the economy depends on safe, reliable, affordable, and increasingly clean energy, the industry's contribution may be considered the first 5 percent of GDP.

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