

Energy Technology Connections Newsletter - June 2015

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Washington Update

The **House** and **Senate** are in session until the July 4 recess, and have full schedules until then. House Majority Leader Kevin McCarthy (R-CA) has outlined additional June issues to include agricultural legislation, Affordable Care Act measures, and Environmental Protection Agency regulations. EPA regulations specifically include legislation allowing states to opt out or defer compliance with the Clean Power Plan (H.R. 2042), to address coal ash (H.R. 1734), and to modernize the Toxic Substances Control Act (H.R. 2576).

During a June 2 House Energy and Commerce Subcommittee on Energy and Power hearing, full committee Chair Fred Upton (R-MI) said that the committee should consider legislation this year to end the 40-year crude oil export ban. The lower chamber's broad energy package does not currently include such a measure, but Representative Upton hopes to work with Subcommittee Chair Ed Whitfield (R-KY) and others to add language to the legislation.

The Western Governors' Association endorsed legislation (H.R. 1734) on May 15 that would allow states to draft, implement, and enforce their own permitting programs for coal ash management and disposal. The House is likely to consider the measure from Representative David McKinley (R-WV) before the August recess. Senator John Hoeven (R-ND) is considering a Senate version of the measure, but has not yet introduced legislation. Also in the House, The House Energy and Commerce Subcommittee on Energy and Power released on May 19 [draft legislation](#) that would require the Department of Energy to expedite its approval process for liquefied natural gas export projects and would state that cross-border energy projects will not require a presidential permit for construction. The measure, which was considered during a May 21 hearing, will be incorporated into a broad energy package that the full committee is preparing.

In the Senate, Senators Sheldon Whitehouse (D-RI) and Brian Schatz (D-HI) [announced](#) carbon fee legislation at a June 10 event at the American Enterprise Institute. Senator Whitehouse hopes this bill introduction will encourage serious debate over how best to address climate change. He introduced legislation late last year that would require large greenhouse gas emitters to pay a \$42 fee for every ton of emitted CO₂; the collected revenue would then be returned to taxpayers through economic assistance to low-income families, tax cuts, and infrastructure investments. Senator Lamar Alexander

(R-TN) said on June 5 that he is confident that Senate Majority Leader Mitch McConnell (R-KY) will bring the \$35.4 billion energy and water spending bill (H.R. 2028) to the floor before the August recess, despite threats by Senate Democrats to block the measure over a funding level dispute. On May 21, the Senate Appropriations Committee approved the bill that would provide \$29.4 billion for the Department of Energy, \$5.5 billion for the US Army Corps of Engineers, and \$1.1 billion for the Interior Department's Bureau of Reclamation.

On the administration side, the Environmental Protection Agency sent its final Clean Power Plan to the White House Office of Management and Budget for interagency review on June 3. The agency is expected to release final greenhouse gas standards for new, existing, and modified power plants in August. OMB is also reviewing the agency's final new source performance standards for new power plants. On May 20, the White House released a [report](#) on the National Security Implications of a Changing Climate. The same day, during his commencement address at the US Coast Guard Academy, President Obama said that climate change poses a significant threat to national and global security and that it will impact how the American military defends the United States.

The DOE's Energy Information Administration released an analysis on May 22 of the Environmental Protection Agency's Clean Power Plan. The report predicts that under the plan, 90 GW of coal capacity will retire by 2040, an increase from the 40 GW projected under current regulations. The report estimates natural gas utilization capacity to peak at 57% in 2020, and forecasts that energy efficiency and renewable energy will dominate state compliance strategies after an initial period of high natural gas use. The report forecasts that the plan will result in a power sector CO2 emissions reduction of between 29% and 36% from 2005 levels, in line with the Environmental Protection Agency's own projections.

At the Interior Department, the Bureau of Ocean Energy Management granted a conditional approval on May 11 to Royal Dutch Shell to explore for oil this summer in the Chukchi Sea. Shell must still obtain a drilling permit from the Bureau of Safety and Environmental Enforcement and state regulatory clearance. In response, Senator Chuck Schumer (D-NY) led 17 of his colleagues on May 22 in sending a letter to Interior Secretary Sally Jewell asking the administration to stop the approval process to allow Royal Dutch Shell Plc to explore for oil in Alaska's Chukchi Sea this summer, as well as to halt all other oil and gas drilling permits in the Arctic region. The group contends that the Bureau of Ocean Energy Management did not fully account for the likelihood of oil spills and their environmental impact when it issued a conditional approval earlier in the month.

Speaking at the 2015 Ceres conference on May 14, Environmental Protection Agency Administrator Gina McCarthy urged businesses to continue promoting the economic benefits of addressing climate change. Members of the conference recently sent a letter supporting the agency's Clean Power Plan. That same day, Bank of America Merrill Lynch announced that clean energy and climate change represent billions of dollars in potential capital; the bank initially set a \$20 billion goal, but achieving it four years ahead of schedule, increased the lending, investing, and other support goal to \$50 billion. The bank issued a second \$600 million green bond on May 14, after becoming the first corporate green bond issuer in the country last year. The EPA also released a study on June 4 finding that fracking does not have a widespread impact on drinking water. The study provides extensive detail on the potential of pollution and provides examples of definite contamination cases, but finds that they are relatively limited.

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