# Energy Producing States Coalition January Energy News

## Action Items

**EPSC request Updates on State Energy Legislation:** As a way to better inform and collaborate amongst members, EPSC has added a new tab, Energy Legislation Tracker, to our website, energystates.org/state-energy-legislation-tracker. We are asking those states, which are considering energy related legislation in the coming months, to share that legislation with EPSC so that we can get a sense of issues being debated. If you could provide Bo Ollison, at Leadership@EnergyStates.org, any energy related legislation that your state may be considering during this legislative session, EPSC would greatly appreciate it.

**EPSC member announces campaign for Governor:** Colorado Senator Greg Brophy announced his campaign for Governor. For more information on his campaign, visit his website www.greg-brophy.com and follow his campaign on Twitter @SenatorBrophy.

**EPSC member announces campaign for Lieutenant Governor:** Alaska Senator Lesil McGuire has also announced her campaign for Lieutenant Governor. For more information on her campaign, visit her website www.lesilmcguire.com and follow her on Facebook at www.facebook.com/mcguireforltgovernor.

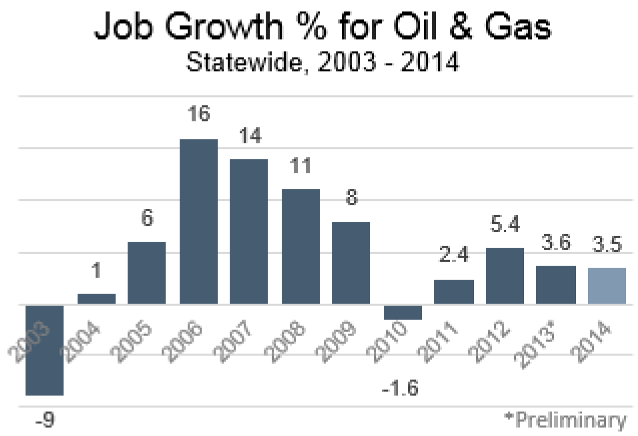
## Policy Initiatives

**New direct jobs from oil, gas industry could reach nearly 260,000 by 2025:** A report issued by the American Petroleum Institute, the nation's largest oil and natural gas trade group, estimated that 258,719 direct jobs could be added in the U.S. by 2025. API predicts hundreds of thousands of other jobs could be added indirectly because of the industry's growth. API also estimated an average of $80 billion would be invested annually in U.S. midstream and downstream petroleum infrastructure from this year to 2020. Many oil and gas projects are in the construction and development phase, but investment will gradually taper after 2020, curtailing to about $60 billion by 2025, the report says.

**Home Electricity Use In U.S. Falling To 2001 Levels**: The Associated Press reported on reductions in the average amount of electricity consumed in U.S. homes to levels not seen since 2001. Despite society having become "more electrified," advances in energy efficiency have made the reductions possible. AP specifically cited better-sealed new homes, more affordable retrofits for existing homes, and more energy efficient appliances and gadgets like refrigerators, air conditioners, dishwashers, water heaters, washing machines and dryers, televisions, light bulbs, and mobile devices.

**Trade deficit down on U.S. energy boom:** The U.S. trade deficit fell to a four-year low in November, the Commerce Department announced, riding the tide of diminished oil imports and increased sales of refined petroleum products. It's why the oil and gas industry increasingly favors lifting decades-old bans on energy exports, citing a once-unthinkable vision of the US producing a surplus of energy. The U.S. produced 6.5 million barrels of oil per day in 2012, according to the US Energy Information Administration (EIA). That is expected to rise to 9.6 million barrels of oil per day in 2019, largely on account of new drilling techniques that tap oil in low-permeability rock formations. Production will level off at or above about 7.5 million barrels per day through 2040, EIA projects. The new oil and gas production helped lower the trade gap by 12.9 percent to $34.3 billion in November.

**Alaska Sees 2014 Oil & Gas Job Growth Offsetting Other Losses:** Alaska's oil and gas business will grow faster than any other industry in the state in 2014, according to new employment data from the state Labor and Workforce Development Department. Though Alaska energy firms have seen larger employment spikes in years past, especially before the recession, the industry's expected 3.5 percent growth this year will go a long way to help offset job losses in government, wholesale trade, construction and information services, the agency predicts. In total, the industry will grow by 500 jobs, and the state will see a net increase of 1,500 positions in 2014, the data show. "Compared to most other states, Alaska relies on a small number of economic drivers -- oil, federal government spending, fishing, tourism and mining are the largest," DOL economist Caroline Schultz wrote in the state's employment forecast.




Alaska officials expect employment in the state oil and gas industry will grow by 3.5 percent this year. Graph courtesy of the Alaska Department of Labor and Workforce Development.

When those businesses are doing well relative to the overall economy -- as oil, minerals and fishing are -- "this lack of diversity can be a boon," she wrote. As the Last Frontier State's energy headquarters and home to nearly a quarter of the oil industry's workforce, Anchorage will benefit greatly from the sector's growth but could be hurt if the price of crude drops. With production declining in the energy-rich North Slope and Cook Inlet, any significant price dip could cut the energy labor pool and state revenues, wrote DOL economist Neal Fried. So far, Anchorage's major oil firms are on track to sustain or increase their payrolls in 2014, the agency said.

**Alaska to Pursue Equity Partnership in Gasoline:** Gov. Sean Parnell (R) announced a new way forward on a long-hoped-for natural gas pipeline, including getting out from under terms of a 2007 law that he said no longer works well for the situation. In a major policy speech in Anchorage, Parnell said the state and Canadian pipeline builder TransCanada Corp. have agreed to terminate their involvement under the Alaska Gasline Inducement Act. He made clear, however, that TransCanada would remain a partner in the project, just under new terms. Parnell said he would seek legislative approval for state participation in a new commercial agreement with TransCanada and the North Slope's three major players, Exxon Mobil Corp., BP PLC and ConocoPhillips. He said he expected an agreement with a set of terms to be signed soon. The governor said he also would propose legislation that would allow the state to enter into shipping agreements to move and sell gas and allow for certain leases to pay production taxes with gas.

**Indiana Commences Energy Policy Plan:** The Indiana Office of Energy Development announced last week that it has begun working on a new energy plan for the state and plans to submit it to Indiana Governor Mike Pence by June 2014. According to the *Statehouse File*, "The new plan will seek to maintain reliable and low-cost energy by meeting the standards that Pence called for in his Roadmap for Indiana. It will utilize all of Indiana's energy resources, improve options available to energy consumer and commercialize new energy technologies."

**LA Sues to Keep Oil Field Offline:** Los Angeles officials have sued oil and gas operator Allenco Energy to stop the company from resuming production at a controversial oil field near the southern tier of the city.
In the complaint filed with the Los Angeles County Superior Court, L.A. City Attorney Mike Feuer said Allenco ignored violation notices at its oil field, which was shut down in November amid health concerns. Allenco had been coordinating with officials at the South Coast Air Quality Management District to reopen the oil field this winter, but Feuer is now seeking a permanent injunction against drilling at the site. The complaint said Allenco's operations exposed nearby residents "to noxious fumes and odors which have resulted in adverse health effects on community members in the form of severe headaches, nausea, nosebleeds, chronic fatigue and respiratory

ailments including asthma," adding that "no community should have to live this way." Allenco declined to comment until it could review the allegations. The company purchased the site in 2009, producing 21,239 barrels of oil in 2010.

**Massachusetts Governor Candidate Releases Energy Plan:** According to the *Waltham News Service*, "Democratic gubernatorial candidate Donald Berwick outlined a plan Thursday to address climate change and energy consumption in Massachusetts, promising to support Cape Wind and other offshore wind projects while moving "aggressively" to put more electric vehicles on the road." He further supported the "state's decision to join an eight-state initiative to put 3.3 million electric vehicles on the road by 2025, Berwick said Massachusetts can be the most successful state in the pact by adding special electric-vehicle travel lanes and premium parking spaces for electric car drivers."

**Massachusetts Requires Utilities to Invest in Smart Grid:** The Massachusetts Department of Public Utilities issued an order that will require the state's big utilities to submit a 10-year grid modernization plan within the next six months. Advanced metering will be required as part of a plan. The order can be viewed here.

**Michigan Gov. Releases Energy Goals:** Following over a year of public input and four commissioned public studies, Michigan Governor Snyder released several goals for the state's energy policy that extend to 2025. The recommendations focused on increasing energy efficiency and replacing coal with natural gas and renewable sources for energy generation while boosting affordability and reliability of the state's energy supply. Snyder says that he hopes to have legislation in place by 2015, acknowledging that pushing forward with legislation in 2014 – an election year – could be difficult.

**Minnesota Judge Rules in Favor of Solar:** In a recent ruling, a judge reviewing whether Xcel Energy should invest in new natural gas generators or in large solar power concluded that solar is a better deal for consumers, the *Star Tribune* reports. It is the first time the state has used a competitive bidding process for a major power generation project. The commission ordered the trial-like proceeding to force energy companies to compete on price. If the finding by Administrative Law Judge Eric Lipman is upheld by the state Public Utilities Commission (PUC), Edina-based Geronimo Energy plans to build about 20 large solar power arrays on sites across Xcel's service area at a cost of $250 million.

**Montana Energy Conservation Program Misses Mark:** Earlier this fall, the Montana Public Service Commission, which regulates NorthWestern and other electric, gas, telephone and water utilities in Montana, voted 5-0 last month to order NorthWestern to return $3 million to its Montana customers for over-collecting for funds that covered energy-conservation projects. *The Independent Record* now reports that to enact the rebate, NorthWestern will reduce electric rates about 1.6 percent for five months beginning next Jan. 14 for its 325,000 electric customers in Montana.

**NC Regulators Approve Renewable Plan**: *Greenwire* reports that "North Carolina regulators approved Duke Energy Corp.'s latest renewable energy plan. The power company's renewable energy arm, Duke Energy Renewables, will source renewable energy for interested industrial manufacturers, colleges and other commercial customers for a premium price. The program comes with a 1-million-megawatt-hour annual cap. Duke said it will have no cost for customers that don't participate."

**ND Lawmakers, DOT to Meet on Oil-by-Rail:** North Dakota's congressional delegation will meet with Transportation Secretary Anthony Foxx and Pipeline and Hazardous Materials Safety Administration chief Cynthia Quarterman to talk rail car safety standards. The meeting with Sens. John Hoeven (R) and Heidi Heitkamp (D) and Rep. Kevin Cramer (R) comes on the heels of the North Dakota train derailment and explosion last month. The train was carrying crude oil from the Bakken region and is the latest in a string of rail accidents involving crude oil. The meeting was originally slated for January 8, but was moved so Sec. Foxx could attend. Sen. Heitkamp also met with the National Transportation Safety Board on the issue.

**Construction Underway On NM's Largest Solar Array**: The Associated Press recently wrote about an update provided by New Mexico Land Commissioner Ray Powell on the status of what will be the state's largest solar power generating facility. Powell said that construction of the ~400 acre Macho Springs project -- which is located near Deming, NM -- is well underway and could provide up to $14 million for public schools, universities, and hospitals. First Solar Inc. will provide El Paso Electric Power with ~50 megawatts of solar power for 20 years. Construction is expected to conclude in May.

**Oil, Gas Boom Boosts Earnings in NM:** An oil and gas boom in New Mexico and more than a dozen new renewable energy projects have translated into record earnings of more than $670 million for the State Land Office, boosting the funding available for public schools, universities and other trust beneficiaries. In announcing the figures, Land Commissioner Ray Powell said 2013 marked the biggest year in the agency's history. In December alone, earnings reached a record $79 million. In the last three years, Powell said, the Land Office has generated about $1.7 billion through oil and gas royalties, and revenues from grazing, rights of way and other leases with developers and renewable energy companies. Aside from boosting the state's coffers and reducing some of the burden on taxpayers, Powell said the uptick in development on state trust lands has also translated into jobs.

**NY Governor Issues Energy Plan:** New York Governor Cuomo's newly released energy plan, which "calls for increased use of renewable energy and clean technology and anticipates reduced utility bills and a more flexible distribution grid, but takes no position on hydraulic fracturing for natural gas in the fertile Marcellus Shale." The plan is available for public comment for 60 days and the state will host six meetings around the state. Neither environmentalists nor industry supporters were pleased with Governor Cuomo's decision not to address hydraulic fracturing in this long-awaited report.

**PA Supreme Court Rules on Act 13:** The Pennsylvania Supreme Court ruled that major provisions of Act 13 were unconstitutional. Notably, the Court ruled that the provision that local authorities could not set zoning ordinances for drilling activities violated the commonwealth's constitution. Act 13 – a less than two-year old law that seeks to set uniform land-use standards – also included provisions on drilling impact fees, new regulatory structures, and provisions for utilization of revenues. These parts of the law were not challenged.

**UPMC Commits to Wind Energy:** UPMC has joined 76 other Pennsylvania organizations in committing to buy green power as part of the Environmental Protection Agency's Green Power Partnership. The organizations will buy more than 1.2 billion kilowatt hours of green energy each year, which is equivalent to the annual electricity needs of 120,000 average American homes. UPMC is among the organizations that will buy Pennsylvania wind energy to meet its needs, keeping investment dollars and generation in the state.

**WI May Alter Renewable Credit Allowances:** Wisconsin Public Radio reported that "there appears to be bipartisan support for changing the way Wisconsin allocates renewable energy credits to utilities and companies that produce electric power. Under current law, renewable energy credits are only available to utilities or companies that produce energy from facilities that went on line after June of 2010. The proposed change would allow companies that produce energy from renewable sources like hydropower or biomass to earn credits even if their facilities were operating before 2010. The change will largely benefit several paper mills that use both fossil fuel and hydropower as well as wood chips."

**Energy State Governors Tell Feds to Back Off on Hydraulic Fracturing:** Signaling concern that sweeping federal regulations could cripple companies using hydraulic fracturing to extract oil and gas from shale in their states, governors from 12 energy states signed an open letter to energy regulators and policymakers in D.C., urging them to "leave regulation in the capable hands of the states." The letter is the kick-off of a political initiative called States First. It's a partnership of the Interstate Oil and Gas Compact, a multi-state government agency comprised of 39 states dedicated to the responsible development of oil and gas resources, and the Groundwater Protection Council, a national association of state groundwater protection officials. The governors say hydraulic fracturing has to be carefully regulated. But, they add, that is already being done, and has been for years—by their state regulators. "State regulatory programs have been at the forefront of oil and gas exploration since 1935," they write. The governors say the states are doing a good job; a one-size-fits-all federal approach won't work.

**Energy Council Adopts Policy Statement on Offshore Federal/State Revenue Sharing:** At the "Global Energy and Environment Issues Conference" held in Lake Louise, Alberta, Canada, the Energy Council adopted a proposal related to offshore federal and state revenue sharing from Louisiana Senator Robert Adley (R, District 36) calling on Congress to "approve measures standardizing federal/state energy revenue sharing percentages for all forms of energy produced in federal offshore waters."

**Western Governors Approve 8 Policy Resolutions:** The new resolutions were announced on Wednesday (Dec. 11) at the Western Governors' Association Winter Meeting in Las Vegas.

- **Water Resource Management in the West:** Western Governors re-assert that states are the primary authority for water supply planning and management within their boundaries. Our water management priorities are (1) state primacy, (2) new infrastructure, (3) innovative water management, and (4) reliable water data.
- **Water Quality in the West**: States and the Environmental Protection Agency (EPA) work together as co-regulators under the Clean Water Act and the Safe Drinking Water Act. In this resolution we lay out our views on priority issues under these federal water quality regulations, including the preservation of state authority in managing water resources.
- **Transportation of Radioactive Waste:** Western Governors encourage the Department of Energy to continue to comply with both the letter and spirit of the WIPP Land Withdrawal Act and expect DOE to follow the transportation safety standards, principles and procedures agreed to with the states.
- **Storage and Disposal of Radioactive Waste and Spent Nuclear Fuel:** Western Governors assert that development of any proposed storage facility for high level radioactive waste located in a Western state or U.S. flag island must have the written consent of the governor in whose state or territory the facility is to be located.
- **Tax-Exempt Federal Lands and Secure Rural Schools:** Western Governors assert that the federal government must honor its historic agreements with states and counties in the West to compensate them for tax-exempt federal lands within their borders and these payments should not be subject to federal sequestration.
- **States' Share of Royalties and Leasing Revenues from Federal Lands:** The federal government collects royalties and lease payments for energy development on public lands. By law these revenues are shared with states. Western Governors believe these shared revenues should not be treated as federal expenditures, subject to sequestration.
- **The Regulation of Coal Combustion Waste:** Western Governors assert that the Western states should continue to be the principal regulatory authorities for coal combustion residual waste and urge EPA not to create unnecessary additional federal regulations.
- **Bonding for Mine Reclamation:** Western Governors believe that states currently have financial responsibility programs in place for mining operations that are working well and they should not be duplicated or pre-empted by any program developed by EPA.

**Net Metering in 2014:** The impact of any potential changes on the U.S. photovoltaics (PV) industry from net energy metering (NEM) is expected to be negligible in 2014, despite efforts from some states to re-evaluate their NEM policies, according to IHS Inc. "States including Arizona, Colorado and California are re-evaluating their NEM policies," said Wade Shafer, senior analyst covering North American PV at IHS. "This has spurred some concern about the development of distributed solar in the U.S., since NEM incentives are critical to supporting the customer-sited PV market. After examining proposed changes and recent utility commission rulings, IHS has determined that net metered PV project economics will not be significantly impacted in 2014."
In fact, IHS estimates that 85 percent of distributed solar PV capacity installed to date in the United States is located in states with full retail-rate NEM, and an estimated 70 percent is located in states that are reviewing their NEM policies. The debate in Arizona, Colorado and California has focused on determining the value of NEM PV power to non-NEM ratepayers and how to recover the difference, if any, between the retail rate and this value.
The Arizona Corporation Commission (ACC) in November ruled that beginning in 2014, new residential customers of Arizona Public Service (APS) must pay a monthly fee of $0.70 per kW of solar PV installed. More extensive NEM

reforms were postponed until APS's 2015 general rate case. This decision follows the request of APS in July to either compensate residential NEM at wholesale power prices -- i.e., $40/MWh -- or impose a fixed demand charge equivalent to $13.50/kW per month in the summer and $9.30/kW per month in the winter. APS argues that these changes would have better reflected NEM solar's estimated avoided cost value of $54/MWh.

**Record 2013 Solar PV Installations:** New solar photovoltaic (PV) installations in the U.S. reached a record 4.2 GW in 2013. In fact, since 2012, the U.S. market has grown 15 percent, making it the leading solar market outside the Asia-Pacific (APAC) region, according to the NPD Solarbuzz. Solar PV installed in the U.S. also reached a new record high of approximately 1.4 GW during the fourth quarter of 2013 -- equivalent to more than 1 MW of solar panels being installed during each hour of daylight over the past three months, the research reveals. "Each year, the final quarter in the U.S. results in a new quarterly record for solar PV installed," said Michael Barker, senior analyst at NPD Solarbuzz. "The solar PV industry in the U.S. is, on average, now installing more than one gigawatt of solar PV each quarter." Large-scale projects dominated the U.S. market during 2013, accounting for more than 80 percent of new solar capacity deployed. The ground-mount segment, which includes most of the utility solar PV installed, reached almost 3 GW in 2013 with over 1 GW in Q4 2013 alone. The large rooftop market exceeded 500 MW, similar to levels over the past few years, according to Solarbuzz. The small-scale solar segment, made up of residential and small non-residential rooftops, accounted for approximately 700 MW in 2013 -- an increase of 10 percent, compared to 2012 -- when more than three quarters of small-scale demand came from the residential segment.

| 2013 Rank | State | Annual Change |
|---|---|---|
| 1 | California | - |
| 2 | North Carolina | + 3 |
| 3 | Arizona | - 1 |
| 4 | New Jersey | - 1 |
| 5 | Texas | + 4 |
| 6 | Massachusetts | - |
| 7 | Hawaii | - |
| 8 | New Mexico | + 3 |
| 9 | Nevada | - 5 |
| 10 | New York | + 2 |

Top 10 U.S. States for Solar PV Capacity Added in 2013. Credit: NPD Solarbuzz

**Natural Gas Demand to Rise 65% over Next 25 Years:** The largest U.S. producer of natural gas forecasts that global demand for gas will rise by about 65% by 2040 as natural gas is on track to supply 25% of global energy requirements. Exxon Mobil Corp. could just be talking its book, but that is not likely. The losing energy source, of course, is coal, according to Exxon's "*The Outlook for Energy: A View to 2040*," for 2014 released Thursday morning. Exxon says demand for coal will rise until around 2025, but coal's share of the global energy mix will fall from 25% today to below 20%. Oil is projected to remain the top global energy source for the next 25 years or so. Exxon expects demand for oil to rise by 25% through 2040. Much of that increase will come from sources such as deepwater, oil sands and tight (shale) oil. The following chart illustrates the degree of change.

**Canada Wants U.S. Cooperation on Emissions:** Canadian Prime Minister Stephen Harper said his government would prefer to act in tandem with the U.S. to cut carbon emissions in the energy industry. "Our government is certainly prepared to work with the United States on a regulatory regime that will bring our emissions down," Harper said in an interview with Global News today, according to a transcript provided by the television network. "This would be best done if we could do this in concert with our major trading partner, given as I say it is a seamless industry in North America." Canada hopes to implement such a regime "over the next couple of years," he said. Harper's comments come amid a U.S. review of TransCanada Corp.'s proposed Keystone XL pipeline, which would link Alberta's oil sands to refineries on the Gulf Coast. The State Department is preparing a final version of an environmental assessment that will evaluate whether the conduit would add to greenhouse gas emissions that are warming the planet.

**House Energy & Commerce 2013 Summary:** The House Energy and Commerce Committee has put out a report outlining its activities in 2013, which focused on three primary goals: 1) promoting job creation and economic growth; 2) transforming Washington to create a smaller, modernized government for the innovation era; and 3) protecting families, communities, and civic initiatives.

**Lawmakers Spar Over Seismic Testing for Atlantic Ocean Drilling:** A long-awaited final federal study on the environmental impact of using seismic guns to search for oil and gas deposits off the Atlantic coast is due at the end of February, signaling future battles between Republicans and Democrats regarding offshore drilling. The final environmental impact study on using seismic guns to explore for oil and gas from the Interior Department's Bureau of Ocean Energy Management has been five years in the making, and will be used to inform decisions on whether to open the Atlantic Ocean to offshore oil and gas drilling. "There's been a lot of talk about, 'Let's explore.' But talk is cheap. Action is needed," said Rep. Rob Wittman (R, VA 1), who noted the state's Democratic Sens. Mark Warner and Tim Kaine, along with Democratic Gov. Terry McAuliffe, support offshore drilling. For now, the Obama administration's current drilling plan that runs through 2017 blocks energy development in the Atlantic Ocean. Those Atlantic blocks were included in a draft of the president's first five-year drilling plan, but he revised it following the April 2010 Deepwater Horizon disaster that killed 11 workers and spewed 4.2 million barrels of oil into the Gulf of Mexico. Drilling supporters say wading into the Atlantic could be lucrative -- an American Petroleum Institute report said it would provide 280,000 jobs and add $23.5 billion to the U.S. economy each year between 2017 and 2035. If the federal government decides to offer oil leases in the Atlantic, it would likely come in the latter half of the next five-year drilling plan that would run through 2022.

**Senate Committees in Flux After Baucus Announcement:** In a week of limited activity in Congress, the announcement that Senator Max Baucus (D, MT) would soon be tapped as the next Ambassador to China sets in motion a number of changes of great significance to energy development. Senator Baucus is expected to be nominated and confirmed in the later part of January. If this occurs, Senator Ron Wyden (D, OR), the current Chair of the Energy and Natural Resources Committee, is next in line to become the Chairman of the Senate Finance Committee. Senator Mary Landrieu (D, LA) would become the next Chairwoman of the Energy and Natural Resources Committee. Finally, the Democratic Governor of Montana, Steve Bullock, would have the opportunity to appoint an interim Senator to complete Senator Baucus' term. Such an appointment could benefit Lt. Gov. John Walsh, who could use the position to elevate his profile against Rep. Steve Daines, the early front-runner for the seat.

**Murkowski Urges Inclusion of Oil and Gas Considerations in National Security Strategy:** Senator Lisa Murkowski (R, AK) sent a letter to President Obama urging inclusion of strategic geopolitical considerations of expanded domestic oil and gas production in the upcoming National Security Strategy. Sen. Murkowski noted that the previous National Security Strategy, which was published in May 2010, did not address the unconventional fossil fuel boom, preferring clean energy technology instead. The Energy Information Administration projects that fossil fuels – natural gas, petroleum, and coal – will account for 80 percent of the nation's total energy production in 2025.

**Murkowski Calls for End to "Antiquated" Ban on Exports:** The Obama administration should immediately end an "antiquated" ban on exporting U.S. crude, Sen. Lisa Murkowski (R, AK) said. Otherwise, Murkowski warned, the U.S. soon could be confronted with supply disruptions and price increases tied to the growing mismatch between Gulf Coast refineries geared toward processing heavy crudes and the light, sweet oil flowing out of American fields. "There will come a time when we will have an unsustainable glut of this light crude," Murkowski predicted in a speech at the Brookings Institution. "Failing to renovate the crude oil export architecture could very well lead to disruptions in supply and production." Imposed after the oil embargo in 1975, the existing ban already permits waivers for crude exports that are in the "national interest." Existing exceptions allow exports to Canada as well as foreign sales of oil produced in Alaska's Cook Inlet, some heavy crude produced in California and oil transported through the Trans-Alaska Pipeline System. But those limitations don't match today's energy reality, Murkowski said, noting the oil and gas now flowing out of hydraulically fractured wells in North Dakota, Texas, Pennsylvania and other states. "The rules of engagement on energy trade were written long ago for a now bygone world in which scarcity, not abundance, was the prevailing mindset," Murkowski said. "We must modernize the regulations that govern energy exports, demonstrating to the world that we are committed to leading on issues of energy, the environment and trade."

**Chairman Rockefeller and Chairman Wyden Urge Prompt Action on Rail Safety:** Following a spate of train derailments involving shipments of crude oil, the Chairmen of both the Senate Commerce Committee and the Senate Energy and Natural Resources Committee sent a letter to the Secretary of Energy and the Secretary of Transportation urging prompt action to resolve the rail safety issues presented by increased shipments of crude oil by rail. The letter specifically asked the Departments to:

- Thoroughly understand the current and future volumes of crude oil that will be shipped on railroads;
- Evaluate the crudes to understand whether they require special precautions and handling;
- Evaluate and update safety requirements to ensure they adequately address the risks of carrying crude oil; and
- Finalize DOT's rule implementing the rail risk reduction program that was signed into law in 2008.

**Obama Administration Launches Quadrennial Energy Review:** President Barack Obama ordered a broad review of the country's energy infrastructure, noting that factors such as rising demand and climate change have put increased pressure on the aging system. It would include all the systems required for "transporting, transmitting, and delivering energy," the White House said in a statement announcing the Quadrennial Energy Review. A related task force would develop recommendations and submit a report to the president every four years, according to Obama's memo establishing the review. The first report is due by Jan. 31, 2015. "Our current infrastructure is increasingly challenged by transformations in energy supply, markets, and patterns of end use; issues of aging and capacity; impacts of climate change; and cyber and physical threats," the memo said.

**Sec. Moniz States Oil Export Ban, Strategic Reserve Could Merit 'New Analysis':** Energy Secretary Ernest Moniz nudged open the door on ending the U.S. ban on oil exports, calling the policy a matter that merits fresh analysis. In remarks delivered during a Platts forum on global energy, Moniz emphasized that he was not stating a position in favor of allowing exports. But he did indicate an openness to looking at it. Noting that the question is out of his purview as a Commerce Department issue, Moniz nevertheless called restrictions on oil exports a relic of 1970s energy policy that could be in need of an update. "There are lots of issues in the energy space that deserve some new analysis," he said, "in the context of an energy world that looks nothing like the 1970s."

**DOE Announces $8 Billion for Advanced Fossil Fuel Research:** DOE announced that it was making up to $8 billion in loan guarantee authority available to support innovative advanced fossil energy projects that avoid, reduce, or sequester greenhouse gases. Authorized by Title XVII of the Energy Policy Act of 2005, loan guarantees under this new solicitation will provide financing to support new or significantly improved advanced fossil energy projects – such as advanced resource development, carbon capture, low-carbon power systems, and efficiency improvements – that reduce emissions of carbon dioxide, methane, and other greenhouse gas pollution.

**60 Minutes Critical of Clean Tech:** A "60 Minutes" segment that was critical of the clean tech sector swiftly drew criticism from the Energy Department, venture capitalists and clean energy advocates. Correspondent Lesley Stahl argued that the federal government has put $150 billion into clean tech but has "little to show for it." Stahl also said that "something that just doesn't feel right" about Chinese companies buying up U.S. companies that got federal aid but then went bankrupt. The piece heavily features venture capitalist Vinod Khosla and former DOE under secretary for science Steve Koonin, among others. The Energy Department, whose investments in failed companies like Solyndra and Fisker were a major centerpiece of the segment, didn't hold back on its criticism. "Simply put, '60 Minutes' is flat wrong on the facts," DOE spokesman Bill Gibbons wrote in an email. "The clean energy economy in America is real and we are more competitive than ever in this rapidly-expanding global industry. This is a race we can, must, and will win.' DOE declined to give an interview for the segment, according to "60 Minutes." Critics took to Twitter to call the segment a "hit piece" or a "hatchet job," and to dispute both points made by "60 Minutes" and facts that the piece did not mention. Former DOE loan program director Jonathan

Silver, who stepped down in 2011 after authority expired for the Solyndra-related loan program, disputed some details of the report. He spoke to a CBS producer for an hour, but said that "facts didn't seem to dissuade him." And Silver said he refused to go on air because the piece "would have been a hatchet job and [I] don't need to ego stroke." Rob Day, a cleantech investor at Boston-based Black Coral Capital, wrote that the piece is 'uninformed about venture capital in general' and said the program 'conflated' Vinod Khosla with the entire sector. Video and transcript: http://cbsn.ws/19Yc5sa.

**Are Taxpayers Getting Their Fair Share of Oil Royalties?** The Interior Department should beef up efforts to ensure taxpayers get a fair return on billions of dollars worth of petroleum that oil and gas companies produce from federal lands and waters, congressional auditors said. A Government Accountability Office report, "*Oil and Gas Resources: Actions Needed for Interior to Better Ensure a Fair Return*" looks critically at the intricate system of lease terms for companies that took in over $66 billion in fiscal 2012 from the sale of petroleum produced in federally owned regions. The report is most critical of Interior's management of onshore areas, arguing that regulators have been sluggish in trying to adjust royalty rates that have remained static at 12.5 percent even as oil prices—and companies' returns—have soared. "As a result of not successfully changing federal regulations to provide itself with the flexibility needed to make timely adjustments to onshore lease terms, Interior's ability to ensure that the public is receiving a fair return is limited," the report states.

**DOI Faces Pressure to Hike Royalty Rates:** Capitol Hill Democrats are pressing the Interior Department to force energy companies to send more money to the government when they produce coal, oil, and natural gas on federal lands. The Bicameral Task Force on Climate Change, a group of liberal lawmakers, said in a report that Interior's current policies "effectively subsidize fossil-fuel development on public land" with royalty rates that are too low and coal lease terms that are too generous. "These policies are counterproductive to the goals of the President's Climate Action Plan because they subsidize a high-carbon energy source at the very time the U.S. needs to reduce its carbon pollution and because they fail to provide taxpayers with a proper return on these publicly owned mineral resources," states the report issued Thursday. The call for higher royalties is part of the group's wider set of recommendations to Interior for addressing climate change, such as focusing more of the U.S. Geological Survey's research on climate science. Rep. Henry Waxman (D, CA) and Sen. Sheldon Whitehouse (D, RI) lead the bicameral group.

**EPA Releases New CCS Regulations:** The EPA released a final rule clarifying that carbon dioxide streams captured from emission sources, injected underground via UIC Class VI wells approved for the purpose of geologic sequestration under the Safe Drinking Water Act, and meeting certain other conditions (e.g., compliance with applicable transportation regulations), will be excluded from EPA's hazardous waste regulations. Further, EPA clarifies that carbon dioxide injected underground via UIC Class II wells for enhanced oil recovery (EOR) is not expected to be a waste management activity. EPA concluded that the careful management of carbon dioxide streams under the specified conditions does not present a substantial risk to human health or the environment.

**EPA Releases "Standards of Performance for Greenhouse Gas Emissions from New Stationary Sources: Electric Utility Generating Units" Proposed Rule:** Three and a half months after announcing its rule for greenhouse gas emissions from new power plants and releasing the text on its website, the Federal Register today will publish EPA's rule for greenhouse gas emissions from new power plants. That officially kicks off a 60-day comment period. **Comments must be received on or before March 10, 2014**. Send your comments by electronic mail (email) to *a-and-r-docket@epa.gov*, Attn: Docket ID No. EPA-HQ-OAR-2013-0495. **A public hearing will be held on January 28, 2014**, at the William Jefferson Clinton Building East, Room 1153 (Map Room), 1201 Constitution Avenue NW., Washington DC 20004. The hearing will convene at 9:00 a.m. (Eastern Standard Time) and end at 8:00 p.m.

## Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing thirteen states. Those states are: Alaska, Arizona, Colorado, Florida, Idaho, Indiana, Mississippi, Nevada, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming.

As a reminder, EPSC membership is open to any state legislator or legislature that is serious about energy production and that supports the Mission Statement of the EPSC. Currently, membership is neither time consuming nor expensive. Members do not pay dues to EPSC. If you know of colleagues that might be interested in joining, all that is needed is to fill out this form.

## Website

EPSC's website is up and running. We have added a new section, "Energy Legislation Tracker" which will include state and local energy related legislation. If you have suggestions for issues, content or event updates, please let us know at leadership@energystates.org.