

## EPSC February 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](http://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](mailto:Leadership@EnergyStates.org), any energy related legislation that your state may be considering during this legislative session, EPSC would greatly appreciate it.

**EPSC member campaigns for Governor:** Colorado Senator Greg Brophy announced his campaign for Governor. For more information on his campaign, visit his website [www.greg-brophy.com](http://www.greg-brophy.com) and follow his campaign on Twitter @SenatorBrophy.

**EPSC member campaigns 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](http://www.lesilmcguire.com) and follow her on Facebook at [www.facebook.com/mcguirefortlgovernor](https://www.facebook.com/mcguirefortlgovernor).

### Policy Initiatives



**Alaska Arctic Policy Commission Releases Preliminary Report:** The Alaska Arctic Policy Commission (AAPC), established to develop an Arctic policy for the state and produce a strategy for the implementation of an Arctic policy, is made up of [26 Commissioners](#), including 10 Legislators and 16 experts from throughout the state. The Commission is co-chaired by EPSC member, Senator Lesil McGuire (R, District K) and Representative Bob Herron (D, District 37). EPSC Chairman-Elect Sen. Cathy Giessel (R, District N) was also a member of the Commission, chairing the Oil, Gas and Mineral Resources team. [The preliminary report to the Alaska State Legislature](#) includes a vision statement, a list of

succinct statements encapsulating Alaska's Arctic policy and recommendations for federal and state actions. Among the recommendations are: 1) continue to pursue all avenues of participation in the Arctic Council; 2) increase state funding for Arctic research that aligns with the state's priorities; 3) conduct a comprehensive Arctic region economic and infrastructure assessment and planning process; 4) implement regional planning efforts that allow local stakeholders to identify and communicate priorities; 5) develop a mechanism for revenue sharing from resource extraction for impacted communities; and 6) encourage development of appropriately integrated systems to monitor and communicate Arctic marine information. The preliminary report is accepting written public comments, submitted to [aapcgovernance@gmail.com](mailto:aapcgovernance@gmail.com) with the email subject: AAPC P.R. comments – [individual or organization name].

**Shell Suspends Offshore Drilling in Alaska after Court Decision:** Royal Dutch Shell will [suspend drilling in offshore Alaska after a US court decision and as the oil major streamlines operations following a slump in annual profits](#), it said. The company said it would halt the project this year after a federal appeals court ruled that the US government had improperly relied on inadequate information in the process of awarding licenses for exploration in Alaska. "The recent decision ... raises substantial obstacles to Shell's plans for drilling in offshore Alaska," Shell said in a statement accompanying the earnings release. "As a result, Shell has decided to stop its exploration program for Alaska in 2014." Chief executive Ben van Beurden expressed regret at the situation. "This is a disappointing outcome, but the lack of a clear path forward means that I am not prepared to commit further resources for drilling in Alaska in 2014," he said. "We will look to relevant agencies and the court to resolve their open legal issues as quickly as possible."

**California Energy Commission Issues Report:** The California Energy Commission issued its [2013 Integrated Energy Policy Report](#) that examines key energy challenges facing California. The Commission concluded that a growing population combined with lost power sources, including the San Onofre nuclear plant, will require more extensive energy efficiency measures and better practices to manage peak power demands. Specific energy efficiency measures cited include: more energy-efficient buildings and appliances and utilization of peak hour energy pricing.

**U.S. Appeals Court Won't Revisit California Fuel Standard Ruling:** A U.S. appeals court refused to revisit a ruling which upheld California's low carbon fuel standard aimed at reducing transportation-related greenhouse gas emissions, according to a court filing. A three-judge panel of the 9th U.S. Circuit Court of Appeals in San Francisco upheld California's regulations last year. In a decision released, the 9th Circuit refused to rehear the case before a larger panel of judges. The case could still be appealed to the U.S. Supreme Court. The state's low carbon fuel standard (LCFS) requires reductions in carbon emissions for fuels to be measured throughout the lifecycle - including production and transportation as well as ultimate use. Out-of-state fuel producers argue that it discriminates against their products and favors California-produced fuels, which are not transported as far. Out-of-state oil and ethanol producers sued the state over the standard and a federal judge in Fresno, California agreed with them in 2011, but that decision was eventually overturned by the appeal's court last year. Writing for the majority, Judge Ronald M. Gould said California is within its rights to implement laws designed to reduce greenhouse gas emissions. "While a state may not mandate compliance with its preferred policies in wholly out-of-state transactions, it may regulate commerce within its boundaries even if one of its goals is to influence the out-of-state choices of market participants," he said. "This is what California permissibly has done with the LCFS."

**California House Republicans Introduce California Water Bill:** House Majority Whip Kevin McCarthy (CA-23) made the following statement on the introduction of H.R. 3964, the [Sacramento-San Joaquin Valley Emergency Water Delivery Act](#), "The current California drought is a crisis exacerbated by the failure of government to recognize the damage it can cause when it gets in between our country's farmers and a critical resource needed to supply food and economic growth to our nation. The government has decided that rather than helping ensure adequate water to California's Central Valley, it is more important to protect fish. This has resulted in the wasting of millions of acre-feet of water to the Pacific Ocean over the years, which otherwise could have gone to families and farmers who contract and pay for it. Today, led by my good friend Rep. David Valadao (CA-21), the entire California Republican delegation in the House introduced legislation to put families before fish. In 1994, the Bay Delta Accord established water deliveries throughout California that have since evaporated due to environmental regulations. This bill is a comprehensive solution to California's water problems, and ensures that the delta pumps that deliver water to the Central Valley and southern California in wet years are operating at the levels agreed upon in 1994. One more day cannot go by without addressing the shortage of a resource so precious to our economy and wellbeing. Unfortunately, Senate Democrats have yet to even offer a proposal to deliver needed water to the Central Valley. It is time, as representatives for the entire state, that Senator Boxer and Senator Feinstein support drought stricken Californians and get behind this legislation."

**Colorado Subcommittee Rejects Attempts to Repeal Renewable Standard:** The Colorado Senate State, Veterans and Military Affairs Committee [voted](#) 3-2 on party lines to reject a GOP proposal on renewable energy. The bill would have undone a 2013 law to double the renewable energy standard for rural providers, from 10 percent to 20 percent by 2020. According to the Associated Press, "Democrats said they haven't seen negative effects of the law, which so far hasn't changed anyone's electricity bills. They have pointed to the law 2 percent cap on rate hikes as evidence it won't unduly burden ratepayers."

**Colorado House Local Government Committee Rejects Attempt to Withhold Natural-Gas & Oil Taxes from Communities that Ban Hydraulic Fracturing:** [Democrats turned back a Republican attempt to withhold natural-gas and oil taxes from cities that ban hydraulic fracturing](#). Voters in five Front Range cities have placed moratoriums on the drilling technique, effectively banning gas and oil drilling because nearly every well is hydraulically fractured. EPSC member, Rep. Jerry Sonnenberg (R, District 65) said those towns should lose a share of their severance tax money, a portion of which is set aside to help communities cope with the industrial impacts of drilling, like damaged roads. Sonnenberg's, [HB 1064](#), would have banned cash payments and grants funded by severance taxes

to any town or county that doesn't allow drilling. "It's about doing the right thing with those severance tax dollars and sending them to communities to help mitigate the costs of energy production," Sonnenberg said. Democrats disagreed, saying cities should not be punished for something their citizens decided through the democratic process. The bill died 7-6 on a party-line vote in the House Local Government Committee.



**Colorado Regulators May Start Net Metering Discussion:** According to [Fierce Energy](#), "The Colorado Energy Office (CEO) has filed a motion with the Public Utilities Commission (PUC) from the 2014 Renewable Energy Standard Compliance Plan docket to a new docket to sever issues related to net metering. If adopted, this motion will lead to a broad and diverse stakeholder discussion about the role net metering plays in the solar marketplace."

**Illinois Rejects Emergency Rules on Petroleum Coke:** The Illinois Pollution Control Board [rejected](#) Governor Quinn and the Illinois Environmental Protection Agency's attempt to institute emergency measures to store petroleum coke immediately to prevent potential runoff. Governor Quinn had proposed the rules following complaints into state offices that increasing supplies of petcoke along shipping routes could cause health problems for local Chicago residents. The Governor had tried to institute the proposed rules after a brief, one-week long comment period, but the Pollution Control Board ruled that the rulemaking should go through the rule rulemaking process.

**Iowa's Solar Power Could Outshine Florida's:** The [sun could power more of Iowa's energy needs, with solar potential that exceeds states like Florida](#), Georgia and Utah, a new report shows. "The potential for solar in Iowa is quite significant," said Nathaniel Baer, energy program director for the Iowa Environmental Council, the Des Moines group that released the report looking at solar energy in Iowa. "There are a number of important benefits that we've seen from wind that can be true for solar as well — from cleaner air and water to more jobs and more economic investment. ... It's time to catch up," Baer said. Iowa could create an average of 2,500 jobs annually if it added 300 megawatts of solar energy over the next five years, the report says. Baer said 300 megawatts would be enough energy to power 39,000 homes for a year. The study comes as Iowans are beginning to embrace solar energy. For example, Iowa's \$1.5 million solar tax credit program was maxed out last year, and the state is carrying over \$471,000 in tax credit requests into this year. The tax credits are designed to spark investment in building solar arrays.



**Minnesota Agencies Form Advisory Panel for Silica Mining:** Minnesota's Pollution Control Agency and Department of Natural Resources [formed a 15-member advisory panel to aid them developing new silica mining regulations](#). The panel includes individual citizens, as well as representatives from local governments and the mining industry. Legislation passed last year directs the agencies to develop the new regulations.

**ND Governor Calls for Immediate Safety Standards for Crude-carrying Rail Cars:** North Dakota Gov. Jack Dalrymple [doesn't want to wait for new safety standards for rail cars expected from federal regulators next year](#). A string of high-profile derailments and fiery explosions of rail cars bearing crude from North Dakota's Bakken Shale has prompted the U.S. Department of Transportation to study the designs and safety standards of the cars, with new requirements expected in 2015. But that's not fast enough, Dalrymple said. "We do need some kind of provisional standard for the next year," the Republican governor said, arguing that putting off decisions will only

keep the oil and rail industry in the dark and uncertain of how to build new cars out of fear that they may not meet the coming safety standards.

**Industry in ND to Cut Flared Natural Gas:** An oil industry task force representing hundreds of companies in North Dakota [pledged to make an all-out effort to capture almost all the natural gas that is being flared in the Bakken shale oil field by the end of the decade](#). The gas being flared as a byproduct of a rush of oil drilling releases roughly six million tons of carbon dioxide into the atmosphere every year, roughly equivalent to three medium-sized coal plants. Because of a lack of gas-gathering lines connecting oil wells to processing plants, nearly 30 percent of the gas flowing out of the wells has been burned as waste in recent months. The task force reported to the North Dakota Industrial Commission, the state regulator, that the industry could in two years improve the percentage of gas captured to 85 percent, from 70 percent, and to as much as 90 percent in six years.

**Oklahoma Proposal Seeks Information from Disposal Wells:** In response to increased seismic activity, the Oklahoma Corporation Commission has proposed rules that would expand the integrity testing and reporting requirements for Class II well operators who dispose of hydraulic fracturing waste water. The proposal would generate additional data from which seismologists and the Commission itself could determine whether there is a link between earthquakes and the disposal of waste water from hydraulic fracturing.

**PA Governor Talks Energy, Jobs:** Pennsylvania Governor Corbett unveiled his state energy plan, "[Energy = Jobs](#)." Speaking at the Pennsylvania College of Technology's Earth Science Center in Lycoming County, he promoted the state's vast energy reserves as a significant economic driver. "Energy equals jobs in our gas and coal fields," he said. "But it also equals jobs in our nuclear reactors and our growing renewable energy sectors." The 73-page plan is meant to be a guide for business decision makers to lay out the advantages of doing business in the Commonwealth. It outlines Pennsylvania's historical role in energy production— from the site of the first commercial oil well in the U.S., to the state's coal industry, and the recent surge in natural gas production from the Marcellus Shale.

**Texas Legislature Forms Subcommittee to Investigate Increased Seismic Activity:** The Texas legislature formed a [Subcommittee on Seismic Activity to investigate the cause of recent earthquakes](#) northwest of Fort Worth. The announcement comes after the Texas Railroad Commission announced plans to hire a seismologist and to work with other state agencies to investigate the same issues. NGOs, including Texas-based Earthworks, have been critical of the state's response to the earthquakes to date. Rep. Jim Keffer (R, District 60), chairman of the Texas House Committee on Energy Resources, has named three Republicans and one Democrat to the newly formed Subcommittee. State Rep. Myra Crownover (R, District 64) will serve as chairwoman. "The recent rise of seismic activity in Texas has caused much debate, and assumptions to be made with regards to oil and gas production and disposal wells," Keffer said in a written statement. "I believe that with the help of the Texas Railroad Commission we can study and find the cause for the seismic activity base on scientific facts."

**Debate on Revamping Texas Grid Delayed:** Official [debate on revamping the Texas grid to ensure future reliability won't resume until the spring](#). The Public Utility Commission of Texas agreed to postpone the discussions until mid-May, giving the three-member panel and its staff time to study reports on the economics of options under consideration. The commissioners previously planned to discuss the issue in January. If they do take up the matter in May, it will be the next former step in a broader regulatory debate on whether Texas is preparing adequately for its electricity needs in future years, given its growing population and an industrial renaissance along the Gulf Coast. At issue is whether the state should pay generators for building or maintaining power plants that would run only during peak demand—generating neither power nor revenue the rest of the time. The state's existing market, called energy only, pays only for power actually produced, although the price generators can charge for it soars as demand approaches capacity. Many generating companies are pushing for the alternative approach, called a capacity market. The state's grid operator now tries to keep a generation capacity reserve at least 13.75 percent above demand. It's only a target, and two of the utility commissioners have argued that it should be mandatory. That could be a step toward a capacity market, since some generators have argued that it wouldn't be economic for them to meet a mandatory reserve unless they can get capacity payments.

**Texas Aims to Get Ahead of Endangered Species Act in Bid to Aid Industry:** The [state of Texas is embarking on a new effort to protect its oil and gas industry from the Endangered Species Act](#), as rigs encroach on the habitats of species for which there is little understanding or scientific knowledge. The Office of the Texas Comptroller of Public Accounts has solicited research proposals from this state's public universities, challenging them to design projects for gaining a better understanding of three species. The species -- a lizard, a snake and freshwater mussels -- are not yet up for consideration by the Fish and Wildlife Service for listing as threatened or endangered, but they are on that agency's radar. And a listing could cause this state to take an economic hit, the comptroller's office fears. It wouldn't be the first time the state's chief accountant intervened between industry and environmental groups pushing for more stringent species protection. Comptroller Susan Combs was instrumental in developing the Texas Conservation Plan for the dunes sagebrush lizard. That lizard is known to exist only in the Permian Basin, Texas' most prolific oil patch. The comptroller's office is also seeking research proposals to improve the understanding of the snake species desert massasauga and of 12 varieties of freshwater mussels. These three species' range encompasses 190 of Texas' 254 counties, or 77 percent of the state, overlapping with Texas' booming oil and natural gas sectors in multiple areas. About 120 species could possibly be included in the new effort, which Combs said she and the state Legislature worked to set up after the dunes sagebrush lizard listing controversy. Her office plans to announce funds for research proposals on three additional species on that list next month. Combs said she hopes the new program will serve as a model for other states struggling with FWS to come up with their own endangered species protection plans.



**Texas Tops Nation in New Wind Power Construction:** More than 12,000 megawatts of wind power were under construction across 20 states during the fourth quarter of 2013, according to the [American Wind Energy Association's industry market report](#). The trade group says that's enough to power 3.5 million homes. By [far the biggest chunk of that was in Texas](#), which saw 7,000 megawatts under construction, propelled by new transmission lines linking remote Panhandle wind farms to customers in Houston, Dallas and other cities. The only other state to come remotely close was Iowa, with 1,050 megawatts under construction late last year.

**Virginia Business Leaders, Legislators Take AIM at EPA:** Eighty-five members of the General Assembly have added their names to a letter to President Barack Obama, [expressing their opposition to proposed regulations to limit carbon emissions at new coal-fired power plants](#). Delegate Terry Kilgore (R, District 1) said the letter is intended to send the message to Obama and the Environmental Protection Agency that the proposed regulations are "reckless and irresponsible" and will cost Virginia jobs. The Republican represents coal-producing counties in southwest Virginia. The proposed regulations have already had an impact, with many power companies moving to cleaner natural gas to generate electricity.

**Virginia Committee Passes Bill on Nuclear Financing:** The Virginia Senate passed unanimously, [SB 459](#), a bill introduced by Sen. Walter Stosch (R, District 12) that would allow electric utilities to apply 70 percent of the cost of building nuclear and offshore wind power projects over the past six years to their expenses over 2013 and 2014. Supporters of the legislation argue that the bill is needed to help spur development of additional nuclear and renewable electricity sources, which would help diversify Virginia's energy mix.

**Virginia Plans to Expand Disclosure of Fracking Chemicals:** Virginia's Department of Mines, Minerals and Energy ("DMME") issued a [notice](#) that it plans to amend its Oil and Gas Regulations (4VAC25-150) to ensure that these regulations reflect current industry best practices and to expand the disclosure of chemical ingredients used in oil and gas operations, including hydraulic fracturing. The deadline for public comments is February 12, 2014. The DMME plans to hold a public hearing on the proposed action after publication in the Virginia Register. The Virginia Oil and Gas Association has [petitioned](#) the DMME to amend the Oil and Gas Regulations to require oil and gas companies to participate in Frac Focus to ensure that all chemicals used in hydraulic fracturing are fully disclosed and available to the public. "This initiative is intended to alleviate public concern that they are not aware of chemicals utilized in the fracturing process. Even though this industry has been safely utilizing the fracturing process for over 50 years, the Association wants to be totally transparent." The deadline for public comments is February 26, 2014.



**LCFS Part of Washington State Transportation Debate:** Uncertainty about whether Governor Inslee will institute a [low carbon fuel standard](#) via executive order has frustrated Republican lawmakers already worried about efforts to pass a new transportation package that includes new gas taxes. Republican lawmakers contest that they can't support a new gas tax if the Governor were to institute an LCFS, which could raise prices by as much as \$1.06 a gallon. In a three-page letter to Senate GOP leadership, Gov. Inslee stated that he has never proposed a "carbon-fuel tax," but rather has supported an LCFS as a mechanism to develop cleaner fuels.

**New England Governors Ask for Upgrades to Energy Infrastructure:** The six New England states are requesting that the region's power grid operator take action to diversify the region's clean electricity portfolio and increase natural gas supply. ISO-New England administers the region's energy market, including operation and maintenance of the physical infrastructure necessary to carry electricity to customers. Patrick Woodcock, director of Gov. Paul LePage's energy office, said the request by the states is about making New England more competitive. The region currently pays some of the highest energy costs in the country. He said New England has been at a disadvantage in the past because it was far from traditional sources of energy. But today, with hydro power emanating from Quebec and natural gas flowing from the Marcellus and Utica shales in Pennsylvania and Ohio, Maine and New England are in a crossroads of reliable, cheap energy. But there's a problem, Woodcock said. "We don't have the infrastructure to access it. This is proposing that New England collectively come together to invest in those key arteries that will bring this power to Maine, to New England, and lower the cost of energy."

**Oil and Gas Firms Expect to Increase Hiring in 2014:** Hiring managers in the U.S. oil and gas industry [anticipate a robust recruitment season over the next six months](#), a new survey finds. Fifty-three percent of employers said they plan to hire more energy professionals in the first half of 2014 compared with the tail end of 2013, respondents told energy recruiting website Rigzone.com. Only 1 percent of 142 companies surveyed said they plan to do no hiring over the next six months. "When 99 percent of the industry is hiring at some level to start the year, oil and gas professionals have plenty of options to manage their career," Rigzone President Paul Caplan said in a statement. As in the last half of 2013, hiring managers are still mostly looking for mechanical, process, pipeline and design engineers. They also continue to look for health, safety and environmental professionals, the survey says.

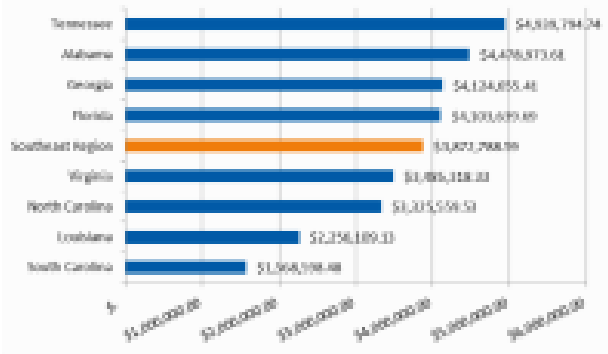
**2013 US Solar Industry Jobs Increased by 19.9 Percent:** The Solar Foundation (TSF), a non-profit research organization, released the [2013 National Solar Jobs Census](#), its fourth annual report on U.S. solar industry employment and projected growth. The report shows the U.S. solar industry continues to grow at a faster pace than the overall economy, supporting 142,698 jobs as of November 2013. Between September 2012 and November 2013, the solar industry added 23,682 jobs – an increase of 19.9 percent over TSF's 2012 findings – at approximately 10 times the national average job growth rate of 1.9 percent. TSF highlights solar industry employment grew by 53 percent – equivalent to approximately 50,000 new solar jobs – since its first census in 2010, with the solar installation sector accounting for more than 25,000 jobs. Over the past year, installation sector jobs witnessed the highest growth rate of 22 percent, adding 12,500 employees. According to the report, approximately 45 percent of solar energy establishments are expected to add jobs over the next 12 months while less than 1.9 percent are likely to cut jobs. The report projects a 15.6 percent solar industry job growth rate over the next 12 months, equivalent to approximately 22,240 new jobs. The installation sector is likely to lead with a 21 percent projected growth rate. By comparison, the overall U.S. economy is projected to grow by 1.4 percent over the same period.

**Wreck Investigators Urge Tighter Rule for Oil Trains:** U.S. and Canadian accident investigators told [regulators to swiftly tighten standards for oil-carrying trains](#), following a series of fiery derailments that highlighted the risks of increasing crude-by-rail shipments. The joint recommendations from the National Transportation Safety Board and Canada's Transportation Safety Board include better planning to route hazardous materials around cities and other sensitive areas. The groups also want regulators to audit oil shipments to make sure they are classified properly and that safety plans are in place in case of an accident. The NTSB previously urged U.S. regulators to stiffen requirements for the DOT-111 tank cars frequently used to haul crude and other flammable materials across North America. Although voluntary standards apply to new Class 111 tank cars, older ones have been criticized as prone to rupturing in accidents. The unprecedented joint recommendations from the U.S. and Canadian safety boards

respond both to the massive surge in oil being transported across North American tracks and recent accidents involving crude cars, including a derailment in Lac-Mégantic, Quebec last July that killed 47 people. More recently, an explosion followed the derailment of two trains after a collision in North Dakota in December and six crude tankers derailed on a bridge over the Schuylkill River in Pennsylvania earlier this week. At the same time, [Chicago Mayor Rahm Emanuel has proposed a national freight fee for hazardous materials to improve rail safety and help cities respond to the kind of disasters](#) that destroyed a small Canadian town last year. As rail transportation surges to meet the demands of a natural gas boom underway in the U.S., cities need to take the lead on demanding better oversight, better safety and robust ways of responding to accidents, Emanuel said during the winter gathering of the U.S. Conference of Mayors. The federal government would impose the fee on companies that extract crude oil and “the industrial consumers of it,” according to Emanuel’s office. The mayor said the fee would fund new investments in rail safety and infrastructure, first responders in the locations of disasters and rebuilding efforts. If not through a national effort, the burden will fall mostly on individual cities, Emanuel said. “You will end up having to do this because it’s going to be something we haven’t seen in this country in a long time,” he said. “We are literally in the early stages...of an ever increasing amount of this material coming into our cities.” But the fee, which would take Congressional authorization, was couched within a broader call of improvements that included building safer rail cars, safer railroads and giving local officials more information about the freight entering their cities. U.S. Transportation Secretary Anthony Foxx has also called on railroads and oil companies to [detail their “immediate steps” to improve the safety of trains shipping oil](#) from domestic plays such as the Eagle Ford and Bakken shales.

**IOGCC, GWPC Move Forward on States First Initiative:** Late last year, the Interstate Oil & Gas Compact Commission and the Groundwater Protection Council launched a new initiative, [States First](#), which “seek to support and enhance the states as the primary and appropriate regulators for oil and gas development. Recently, twelve governors signed a [letter](#) of support for the initiative, stating: “The states’ ability to design effective regulations that reflect state-specific needs is a vital element in the resurgence of our nation’s oil and natural gas industry.” The initiative includes a regulatory exchange program wherein state regulators can discuss best practices and collaborate with their colleagues in other energy-producing states, as well as support for existing platforms, such as FracFocus.

**Energy Efficiency Investments Reap Three Times the Economic Rewards:** The Southeast Energy Efficiency Alliance (SEEA) has released the findings of its second Energy Pro3 Report, conducted by the Cadmus Group. The report evaluated the economic performance of SEEA’s 16-city energy efficiency retrofit consortium from 2010 to 2013. The [research reveals that every million dollars invested in energy efficiency programs in the region generated \\$3.87 million in economic output and 17.28 new jobs](#). The economic results were achieved by completing more than 10,000 building energy audits and 6,000 home and commercial building retrofits. The SEEA program consortium, funded by \$20.2 million from the U.S. Department of Energy (DOE) Better Buildings Neighborhood Program (BBNP), ranked sixth among 41 BBNP programs nationwide based on the number of retrofits completed. The regional economic output resulting from DOE’s investment is comprised of three types of economic effects: direct, which reflect direct new spending in the economy; indirect, which account for spending needed to support the energy efficiency programs; and induced, which account for how households and workers spend on general consumer goods and services. In addition to achieving positive economic impacts from DOE’s investment in the region, throughout 2013, the Southeast also made significant progress in advancing energy-efficiency policy, including the passage of new, mandatory energy efficiency rules by the Mississippi legislature and the adoption of voluntary energy efficiency rules and a 2009 IECC-equivalent building energy code in Louisiana. Further, diverse stakeholders in North Carolina came together to successfully prevent a rollback of that state’s current progressive building energy codes.



**Senate Energy & Natural Resources Committee Approves Large Block of Nominees:** The Committee voted to approve 11 nominees to DOE and DOI. The nominees included: Michael Connor to be deputy Interior secretary; Elizabeth Robinson to be Energy undersecretary; Franklin Orr, Jr. to be Energy undersecretary for science; Steven Croley to be general counsel of the Energy Department; Esther Kia’aina to be assistant Interior secretary for insular areas; Tommy Beaudreau to be assistant Interior secretary for policy, management and budget; Christopher Smith to be assistant Energy secretary for fossil energy; Marc Kastner to be director of the Energy Department Office of Science; Ellen Williams to be director of the Energy Department’s Advanced Research Projects Agency-Energy; Jonathan Elkind to be assistant Energy secretary for international affairs; and Neil Kornze to be director of Interior’s Bureau of Land Management.

**Committee Releases Report on Global Benefits of U.S. LNG Exports:** The House Energy and Commerce Committee released a policy paper entitled “[Prosperity at Home and Strengthened Allies Abroad – A Global Perspective on Natural Gas Exports.](#)” Over the past year, the committee has analyzed the effects of exporting U.S. liquefied natural gas (LNG) through a series of hearings and an international forum. This report is the culmination of these efforts, detailing the economic and geopolitical benefits of U.S. LNG exports and outlining the actions necessary to realize them. The committee concludes that LNG exports offer the opportunity for the U.S. to improve the domestic economy while providing our allies and trading partners an affordable and secure energy source. According to the report, “Our friends and allies around the globe desperately need a more stable, reliable, and affordable supply of natural gas, and American consumers and manufacturers need continued robust demand to bring additional resources into competitive production. The U.S. has the opportunity to be the world’s preferred supplier, and the case for mutually beneficial trade is very strong.” This window of opportunity will not remain open indefinitely, therefore the committee is urging the Department of Energy to approve all remaining export licenses by the end of the year and is considering legislative action to modernize the process and remove barriers. The report concludes, “Given the scope of potential benefits from LNG exports, and the relatively narrow window to maximize the U.S. energy advantage, it is imperative that the regulatory process be expedited so that these benefits can be realized. The committee will continue to pursue forward-looking policies to help realize the nation’s newfound energy potential. The future is bright with the right policies in place.”



**GOP Proposes Facelift for Endangered Species Law:** The Endangered Species Act (ESA) Congressional Working Group, led by Representatives Doc Hastings (R, WA 4) and Cynthia Lummis (R, WY-at large), released its final [Report, Findings and Recommendations](#). The report is the culmination of the Working Group’s eight-month effort to examine the ESA from a variety of viewpoints and angles, receive input on how the ESA is working and being implemented, and how and whether it could be updated to be more effective for both people and species. The report reflects hundreds of comments from outside individuals and testimony from nearly 70



witnesses who appeared before a Working Group forum and House Natural Resources Committee hearings. The report concludes that “After more than 40 years, sensible, targeted reforms would not only improve the eroding credibility of the Act, but would ensure it is implemented more effectively for species and people.” Rep. Hastings said, “Returning focus of the law to species recovery, addressing litigation and settlement reforms, improving state and local participation, and improving science and data are some of the specific areas of improvements on which I believe we can build consensus. I hope this report can further the discussion on the ESA and serve as a starting point as we move forward with sensible and targeted legislative proposals in the coming months.”

The report recommends constructive changes to the ESA in the following four categories:

- Ensuring Greater Transparency and Prioritization of ESA with a Focus on Species Recovery and Delisting
- Reducing ESA Litigation and Encouraging Settlement Reform
- Empowering States, Tribes, Local Governments and Private Landowners on ESA Decisions Affecting Them and Their Property
- Requiring More Transparency and Accountability of ESA Data and Science

**President to Further Restrict Federal Land from Oil Production:** President Obama is heating up a long-simmering feud with conservative Western lawmakers by [vowing to act on his own to place more federal lands off-limits from mining or energy production](#). In his State of the Union address, Mr. Obama included land conservation in a long list of issues on which he intends to use his executive authority without input from Congress. “I’ll use my authority to protect more of our pristine federal lands for future generations,” the president said. It was only one sentence of an hour-long speech, but it set off alarm bells for lawmakers such as Rep. Rob Bishop (R, UT 1). “It’s almost surreal to have someone say he wants to work with you as long as you’re willing to do it his way, and if you don’t, then he’ll do it anyway,” Rep. Bishop said. “He needs to get local input before taking that route. Congress has to be a player in that.” Mr. Obama intends to use the Antiquities Act of 1906 to designate vast tracts of land as national monuments. The administration hasn’t indicated which wilderness areas it is considering, but likely targets include the Browns Canyon and the Hermosa Creek watershed in Colorado, and a proposal by Sen. Dianne Feinstein, California Democrat, to add thousands of acres to the Joshua Tree and Death Valley national parks in Southern California. Administration officials say they’re tired of waiting for Congress to act on various bills that would create more national monuments. The 112th Congress, which ended in 2012, was the first in 40 years not to set aside any land for conservation.

**Obama Touts Climate Partnership with Mayors:** With Congress likely not taking action on climate change or other issues anytime soon, President Barack Obama wants to partner with local officials, many of whom deal with the effects of climate change firsthand. A White House climate task force has mayors from both parties, Obama said at a reception for the U.S. Conference of Mayors, ‘helping to make sure that cities have what it takes to withstand changes that may be taking place in our atmosphere in the years to come.’ He added that, like on climate change, he is willing to act when Congress does not. “Where Congress is debating things and hasn’t been able to pull the trigger on stuff, my administration is going to move forward and we’re going to do it in partnership with all of you,” Obama said. “I’ve got a pen and I’ve got a phone. And that’s all I need.”

**Ability to Transport U.S. Oil, Gas Lags Booming Output:** The energy boom of the last decade that has boosted oil and gas production in the United States has outpaced the development of critical infrastructure to transport the raw and refined materials, U.S. Energy Secretary Ernest Moniz said. Reflecting on a spate of accidents involving freight trains pulling tank cars full of volatile crude oil in Canada and the United States, Moniz said that infrastructure development was key, even beyond a reconsideration of rail regulations now under way by U.S. authorities. “The core approach, really, is that our infrastructure needs to build out,” Moniz said in an interview with Reuters Insider. “Here we have a case, especially with the production in North Dakota, where the Bakken shale (output) zoomed from essentially nothing to past 1 million barrels a day,” he said. “There’s not the pipe infrastructure for moving the product out ... you have a slight mismatch in terms of how we add infrastructure to handling our new production.”

**Emails Show Extensive Collaboration between EPA, Environmental Organizations:** Internal Environmental Protection Agency (EPA) emails [show extensive collaboration between top agency officials and leading environmentalist groups](#), including overt efforts to coordinate messaging and pressure the fossil fuel industry. The

emails, obtained by the Energy and Environment Legal Institute (EELI) through a Freedom of Information Act lawsuit, could fuel an ongoing controversy over EPA policies that critics say are biased against traditional sources of energy. Emails show EPA used official events to help environmentalist groups gather signatures for petitions on agency rulemaking, incorporated advance copies of letters drafted by those groups into official statements, and worked with environmentalists to publicly pressure executives of at least one energy company. The documents also reveal some of the internal deliberations behind recent controversial EPA decisions, such as the locations of public hearings on an agency rule imposing stringent emissions limits for power plants. The agency came under fire from legislators representing coal-producing states for holding those hearings far from regions where most of the nation's coal is produced.

**EPA to Reconsider 2013 Cellulosic Ethanol Target:** The U.S. environmental regulator informed oil industry groups that it [would reconsider the 2013 target for advanced ethanol made from grasses and trees as producers struggle to make the fuel](#). The American Fuel & Petrochemical Manufacturers and the American Petroleum Institute had petitioned the Environmental Protection Agency to reconsider the target. Producers were on track to make only about 1 million gallons of cellulosic last year, well short of the mandate of 6 million gallons. "We have determined that your petition demonstrates that the statutory criteria for granting a petition for reconsideration are satisfied," Gina McCarthy, the administrator of the EPA, said in a letter to the groups.

**Commerce will Investigate SolarWorld Trade Complaint:** The Commerce Department will [initiate new anti-dumping and countervailing duty investigations of crystalline silicon photovoltaic products imported from China and Taiwan](#). The inquiry was spurred by a petition from SolarWorld, which contends that Chinese solar manufacturers are skirting tariffs imposed in 2012 by exploiting what the company says is a loophole. If the U.S. International Trade Commission rules that Commerce can move forward, the department will release preliminary determinations in its countervailing duties investigation by March and the anti-dumping investigations by June. The department can give itself more time if needed, pushing the dates back by several months. The department will hear from interested parties about the proposed levels and would finalize the tariffs by June and August. If the U.S. International Trade Commission approves, the tariffs would then go into effect as early as August and October.

**U.S. Opens Tap Slightly on Oil Exports to Europe:** The Commerce Department has [granted two licenses to export U.S. crude to the U.K. since last year and another two to Italy](#), according to data Reuters obtained through a Freedom of Information Act request. One application for German exports was filed in January and is awaiting a decision by the Bureau of Industry and Security (BIS), which is responsible for reviewing requests to export crude under a 1975 law that bans most shipments with a few exceptions, including sales to Canada and re-export of foreign oil. These are the first permits for shipments to Britain since at least 2000 and the first to any European country since 2008, according to data from the BIS. The bureau has approved 120 licenses since January 2013, nearly 90 percent of which were for sales to Canada, the data show. It was not immediately clear under which provisions BIS granted the European export licenses. The current regulation allows foreign crude to be re-exported from the United States if it is not commingled with U.S. crude, an option that some Canadian producers are said to be using.

**China Slaps Tariffs on U.S. Polysilicon:** [China hit the United States with final anti-dumping and anti-subsidy duties on imports of solar-grade polysilicon](#), the latest move in what has been a contentious trade battle in the solar industry. The anti-dumping duties, announced by China's Commerce Ministry, were in line with initial levels levied last year of up to 57 percent on imports of the raw material used to make solar panels. ... Washington had called previously announced duties disappointing, and many in the U.S. solar industry saw the move as an attempt to protect China's struggling domestic firms. The United States has already imposed its own duties of about 30 percent on Chinese solar panels in a case finalized in 2012.

**U.S. Coal Sales Might Have Cost Taxpayers \$200 million:** Congressional investigators have [found problems with federal coal sales that might have cost taxpayers \\$200 million or more in lost revenue](#), a senator said. Citing a new report by investigators at the non-partisan U.S. Government Accountability Office, U.S. Sen. Edward Markey (D, MA) called for the sales to be suspended until the problems are rectified. More than 40 percent of U.S. coal

production — or about 450 million tons a year — comes from public lands leased by the government to mining companies under the century-old Mineral Leasing Act. Those leases bring in more than \$1 billion in annual revenue. While exports of the fuel to lucrative Asian markets have surged in recent years, the rules for leasing government-owned coal have remained largely unchanged since 1990. That's stirred concerns that companies could be shortchanging taxpayers by buying coal cheaply from the government based on U.S. market prices and then selling it at a premium overseas. A sweeping, 19-month examination of the Interior Department's coal-leasing program by the GAO revealed widespread inconsistencies in how the government values public coal reserves that are leased to private mining companies. The GAO also found a near-total lack of competitiveness in the leasing program. Almost 90 percent of the 107 coal tracts leased since 1990 received just a single bid. Without those problems, the government's coal sales could have brought in \$200 million in additional revenue — and possibly hundreds of millions more, said Markey, who requested the GAO study in April 2012. Markey said the lost-revenue figure was based on his staff's analysis of recent coal leases detailed in a second GAO report not made public because of concerns it contained confidential business information. In response to the publicly released GAO report, the Interior Department said it already has begun implementing reforms within the coal-leasing program run by the Bureau of Land Management. The agency said it agreed with GAO's recommendations, including suggested improvements in its review of coal appraisals to bring in independent make the process more transparent.

**Ritter Releases Clean Energy Recommendations:** Former Colorado Gov. Bill Ritter and the Center for the New Energy Economy at Colorado State University released a paper, "[Powering Forward: Presidential and Executive Agency Actions to Drive Clean Energy in America](#)," outlining presidential and agency actions the administration can take on clean energy. The paper was inspired by a meeting last year between Obama, Ritter and others, and will make over 200 recommendations in five areas: efficiency, renewable energy financing, natural gas production, alternative fuels and vehicles, and new utility business models. Former White House energy and climate adviser Heather Zichal, Connecticut Department of Energy and Environmental Protection Commissioner Dan Esty and others participated in the release.

## Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing fifteen 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. If you have suggestions for issues, content or event updates, please let Bo Ollison know at [Leadership@EnergyStates.org](mailto:Leadership@EnergyStates.org).