

**Energy Producing States Coalition Meeting Summary**  
**Salt Lake City**  
**Utah Office of Energy Development**  
**June 3, 2014**

Opening Welcome

Rep. Roger Barrus (UT) welcomed the group to the meeting and gave introductory remarks highlighting the history of EPSC, its mission statement, and provided a brief overview of the programming for the day. He then introduced the first speaker, Lt. Governor Spencer Cox of Utah. Lt. Gov. Cox noted that Utah focuses on balancing regulatory oversight that also ensures a positive business climate to spur investment and production. They do so by focusing on “unprecedented partnerships” that realizes the potential of the resources the state has. He mentioned that the recent EPA greenhouse gas regulations covering existing fossil fuel units will have a substantial impact on states like Utah with large amounts of public land that export significant amounts of energy out of state and across the globe.

National Issues Update/Review of EPSC Priority Issues

Jack Belcher with Consumer Energy Alliance was invited by the EPSC to give an overview presentation covering the major issues impacting:

- Onshore energy development – particularly the surge of local/municipal ordinances that ban or limit hydraulic fracturing;
- Offshore energy development;
- Midstream infrastructure;
- Downstream/fuels regulations; and
- Clean Air/CO<sub>2</sub> regulations.

He also showed how many of EPSC’s priority issues dovetail into the existing national policy debate.

Belcher finished with taking Q&A from the attendees, and the group discussed the successes achieved in addressing those key priority issues – namely the EPSC assisting and advocating for the of recouping royalties owned by the state from Sequestration cuts, raising awareness of the impacts that listing the sage grouse would have on Western states, and the comment letters filed on various regulatory issues.

Congressional Panel

Attendees then held an interactive round table with Congressman Rob Bishop (UT), Congressman Cynthia Lummis (WY), and Congressman Chris Stewart (UT) to discuss ways EPSC members and legislators can share their concerns and coordinate with their own federal delegations and regionally focused groups like the Congressional Western Caucus. Each member spoke on current issues they were working on and they implored members to develop a plan or framework of key issues/bills could help inform the congressional debate. The Representatives urged the group to consider using more visuals when communicating, and recognize that disagreements in Congress on public lands are often based on geography

(rural/urban populations, little public land east of the Mississippi River) as much as political affiliation. EPSC members also received a background presentation from the Western Congressional Caucus staff members and attendees learned how they could share and exchange information with them.

#### EPA Clean Air Update

Texas Commission on Environmental Quality Chairman Bryan Shaw gave a comprehensive overview of existing EPA regulations covering new fossil fuel units as well as a briefing on the newly proposed new source performance standards for existing fossil fuel power plants. He provided his perspective as an environmental regulator but noted the impacts of the rule would be felt significantly on grid managers and utilities. Shaw discussed the “building blocks” of EPA’s national framework for states to reduce CO<sub>2</sub> emissions and highlighted states like Texas would be challenged with prioritizing or “dispatching” low-carbon sources ahead of baseload sources like coal, because of the way its electricity market is structured. Shaw urged members to continue to coordinate together and examine the impacts the rule may have on their states.

#### Clean Water Update

Tony Willardson with the Western States Water Council provided attendees with a regulatory overview of the recent “Waters of the US” Rule issued by EPA and the Army Corps of Engineers, as well as the implications of a court decision that remands the existing Water Transfer Rule back to the agency. Willardson began his remarks by offering some background on his organization and the complex legal history and murky results Supreme Court decisions have had on the development of the “Waters of the US” rule which, in theory, was supposed to provide clarity over exactly where the federal government’s oversight ends and where the state’s begins. His organization offered comments from a state’s perspective that critiqued the process by which this sweeping rule was developed. First, under the Clean Water Act, states are statutorily defined as co-regulator because they are fundamental as the first line of response to oversee water quality. Throughout the rulemaking process, state water agencies were treated like the general public - with simple notification rather than real consultation as a co-regulator. Secondly, he observed that the rulemaking violates the President’s executive order on federalism as the EPA’s Science Advisory Board’s review of the rule was incomplete before it was issued and it did not include states in the advisory report process. To help address this continued concern, the organization has asked that states have at least a 10% make-up of the EPA’s Science Advisory Board membership.

#### Emerging Onshore Oil and Gas Issues in the States

Greg Hardy with Chevron gave a presentation covering the rapid expansion of bans and limitations put in place by municipal and local governments covering hydraulic fracturing. He discussed the ballot initiatives in place in Colorado, with some potentially giving 274 cities and 61 different counties the ability to regulate hydraulic fracturing despite clear state primacy at the Oil and Gas Commission. He noted that cities have tremendous authority now to regulate noise, dust, and other activities but such potentially arbitrary treatment proposed in some ballot initiatives could substantially impact business operations.

### 2014 Legislative Updates/Sharing Across the States

Rep. Steve Handy led a discussion with the attendees that covered the major energy policy/legislative developments in the EPSC member states.

### Moving Forward Session

Sen. Cathy Giessel (AK) led a framework dialogue with the members to outline priorities for the work plan covering the remainder of 2014 and into the future. Elements of that session include focusing on legislation and urging regular order for the Appropriations process, improved outreach/communication, and the development of issues where EPSC will be active in public comment periods.

### Business Meeting

EPSC honored and thanked Rep. Roger Barrus for his hard work and leadership as Chair for the past two years, and Sen. Cathy Giessel was installed as the new Chair and the new Chair-elect will be Sen. Chuck Winder (ID). She announced the new slate of Executive Committee Members which includes: Sen. Winder, Rep. Steve Handy (UT), Rep. Bob Skarphol (ND), and Sen. Drew Perkins (WY).