

Bryan Cave Energy Update

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White House

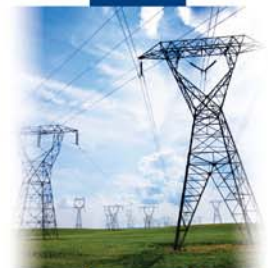
White House Finalizes Fuel Standards

This week the Obama Administration released new gas mileage standards for cars and trucks, which calls for vehicles released in 2016 to meet fuel efficiency targets of 34.1 miles per gallon (mpg), an increase of 10 mpg over current requirements. The new rules are expected to reduce carbon dioxide emissions by 960 million metric tons over the lifetime of covered vehicles and, according to the government, equates to taking 50 million cars and light trucks off the road by 2030. The rule was crafted jointly by the Transportation Department, which has traditionally managed federal fuel economy standards, and the EPA. It also includes the first-ever greenhouse gas limitations on vehicle emissions. Officials said the new standards will “increase costs by almost \$1,000 per vehicle” while stressing consumer savings of nearly \$3,000 in fuel over the life of the vehicle.

Pres. Obama Expands, Restricts Offshore Drilling

President Obama announced this week a series of plans to expand offshore oil and gas drilling along the East and Gulf Coasts while restricting energy exploration in some promising areas offshore of Alaska. The areas opened up include sections off

the Florida coast, which has upset some local politicians there. However, the move could lead to expanded oil and gas exploration along the Atlantic seaboard from Virginia southward. Additional exploration will be allowed in Alaska’s Cook Inlet, where oil and gas has been produced for decades, but barred in the large Bristol Bay region off Alaska’s west coast. Local governments in that area supported the new economic activity, but the administration ceded to environmental opposition there as well as vast areas off Alaska’s North Slope. The President, referencing a hope that opening new areas to oil and gas drilling will draw Republicans towards supporting comprehensive climate legislation, cautioned that “expanding drilling was not a catch-all answer to U.S. energy challenges” and that both parties can “come together to pass comprehensive energy and climate legislation.” Since taking office, the Obama administration has been weighing the Bush administration’s proposal for drilling along the eastern seaboard and the California coast. Some Republicans argued that the administration’s plan keeps the biggest U.S. offshore energy resources from being developed. House Leader Rep. John Boehner has said that while this is a “positive step,” but “Americans are asking, ‘where are the jobs?’”



EPA Moves Against Mountain Top Removal Mining Operations

The EPA announced new water quality standards for surface coal mining in central Appalachia this week. EPA Administrator Lisa Jackson said the new rule will “block mountaintop-removal projects from dumping wastes in streams.” The agency believes the groundbreaking new set of rules will protect 95 percent of the region’s aquatic life and freshwater streams. Jackson told reporters that “no or very few valley fills are going to meet this standard” as “mining operations have buried nearly 2,000 miles of Appalachian headwater streams.” The EPA’s new regulations are immediately effective on an interim basis while the agency receives public comment but do not apply retroactively to existing Clean Water Act permits. Jackson also said her agency will apply the new standards to the 80 permits that EPA held last year for review. Senator Robert Byrd (D-WV) was quoted as being “pleased” that Jackson took stakeholders’ “concerns about the need to provide clarity very seriously.” However, industry groups called the new regulations “job-killers” in the country’s poorest regions. The National Mining Association’s research indicates that Appalachian surface mining employs more than 26,000 workers and produces 11 percent of U.S. coal production.

Congress

Sen. Lugar Pitches Energy Plan

Senator Richard Lugar (R-IN), the Ranking Member of the Senate Foreign Relations Committee, has set out plans to pitch both political parties an energy strategy that avoids addressing climate change via cap-and-trade programs. Lugar outlined his plan in a letter he sent to 32 Senate colleagues on both sides of the aisle, President Obama, and Energy Secretary Steven Chu. While his measure is drafted as a stand-alone bill, the immediate goal to corral centrist fence-sitters and build

momentum for amendments to be offered to the energy bill authored by Senators Jeff Bingaman (D-NM) and Lisa Murkowski (R-AK), the Chairman and Ranking Member of the Senate Energy Committee.

Bill Details

Lugar proposes to reduce dependence on foreign oil by two-thirds (1.75 billion barrels) and cut greenhouse gas emissions by 25 percent by 2030. According to Lugar, these goals are obtainable without hurting economic growth or causing additional job losses, and will help households save on average nearly ten percent on electricity bills. Lugar’s proposal extends and increases the Corporate Average Fuel Economy standards for cars and light trucks from 2016 to 2030 by four percent annually and would expand the renewable fuels mandate, which is popular with ethanol-producing states in the Midwest. There is an additional renewable electricity mandate for electric utilities to produce power from solar, wind, nuclear, coal-mined methane, certain hydropower, marine, and clean coal sources. Lugar also promotes an additional investment of \$11 billion towards retiring older coal-powered plants, expanding loan guarantees for nuclear power, and cutting energy use in commercial buildings by 50% over six years.

Industry

BP Closing MD Solar Manufacturing Plant

BP will offshore a big piece of its renewable energy manufacturing base and close its solar-panel manufacturing plant in Frederick, MD. The company announced this week that it would lay off 320 workers. BP noted the plant produced an older model of solar panel and it would be more expensive to retool the Maryland plant than shift production to lower cost countries such as China and India.

Survey Reveals Germans Worry Less About Climate Change

A poll in Germany revealed several changes in German views on global climate change. The results show that Germans are losing their fear of climate change, with only 42 percent worried about global warming, a sharp drop from 62 percent in the autumn of 2006. A quarter of those questioned thought that Germany would profit from climate change rather than be badly affected by it. A third of those questioned do not have much faith in the predictions of climate researchers, mostly due to the recent "Climategate" email scandal involving UN researchers.

Ford & Microsoft Partnership: Home Plug-In System

Ford Motor Company and Microsoft Corporation announced they have joined forces to develop a computerized home charging system for plug-in car owners. Ford is the first automaker to work with Microsoft to make electric cars compatible with Microsoft's existing Hohm energy management system and allow users to re-charge batteries during off-peak hours. Ford and Microsoft expect the system to be ready next year when the Ford Focus Electric plug-in hybrid reaches showrooms.

More Information

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