

Bryan Cave Energy Update

January 29 , 2010

White House

President Obama Sets Greenhouse Gas Emissions Target

President Obama on January 29 announced the United States had set a goal for the federal government to reduce its greenhouse gas emissions by 28 percent in 2020. The White House estimated the reduction would save \$8 billion to \$11 billion in energy costs. “As the largest energy consumer in the United States, we have a responsibility to American citizens to reduce our energy use and become more efficient,” President Obama said. “Our goal is to lower costs, reduce pollution, and shift federal energy expenses away from oil and towards local, clean energy.”

DOI to Study Environmental Impact of Seismic Research to Locate Offshore Oil and Gas

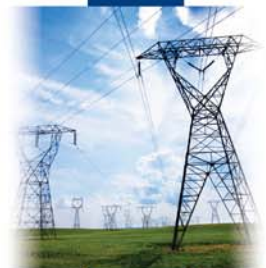
Interior Secretary Ken Salazar recently said the department will conduct an environmental review of the use of seismic research to locate pockets of oil and natural gas along the Atlantic Coast. Such a review may indicate the government is moving toward leasing federal waters off the Atlantic coast for oil and gas drilling. Seismic studies use shock waves to map the density of what lies beneath the ocean floor and can identify pockets of oil and natural gas. However, some environmentalists have said the shock waves can be harmful to whales and other ocean life. Salazar said the Interior Department would send a timeline to Congress for an

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environmental review of the seismic studies and will allow a 45-day comment period on any seismic exploration proposal. Salazar also said the review may not lead to Atlantic drilling and that he is reviewing a plan to regulate drilling on the outer continental shelf.

Military Misses Renewable Electricity Target

The Department of Defense did not meet a federal directive to obtain 3 percent of its electricity from renewable sources, according to a Government Accountability Office audit. The military is the largest federal oil purchaser and consumes 60 percent of all energy used at federal facilities. The report found the military spent about \$4 billion on facility energy use in FY 2008. The military relies in part on the use of renewable energy certificates (RECs) to meet its renewable goals. RECs allow purchasers to claim credit for using clean energy without actually producing clean energy or using energy from renewable sources. However, the price of RECs increased 185 percent in FY 2008. In addition, the



military is required to invest in cost-effective energy projects, a demand that is not met by purchasing RECs. Therefore, DOD must still pay for actual renewable energy.

The audit also found that the military has questionable accounting practices. For example, the audit found the Defense Department overstated progress by counting non-electrical renewable energy toward its goal.

Congress

Climate Change Advocates Scale Back Goals

With the prospects for cap-and-trade diminishing in the Senate, advocates for comprehensive legislative action on climate change may instead pursue more modest climate and energy bills. For example, some Republicans, along with Senate Majority Leader Harry Reid, are supporting a bill that would provide tax incentives for bus and truck fleets to switch to natural gas. In addition, Sen. Maria Cantwell (D-WA) and Susan Collins (R-ME) have proposed a “cap and dividend” system, under which major carbon emitters would pay for permits to pollute. Funds raised through the permits would be returned to consumers to cover the higher costs of energy and manufactured goods. Additionally, legislators may opt not to act and instead defer to the Obama administration which proposes to control carbon emissions using the EPA’s Clean Air Act regulatory authority. However, President Obama has said he prefers a market-based cap-and-trade system. The White House also has expressed support for legislation that provides incentives for oil and gas drilling and nuclear power plant construction.

Senate Jobs Bill Offers Possible Vehicle for Murkowski to Block EPA Endangerment Finding

Sen. Lisa Murkowski (R-AK) may use the upcoming debate on a jobs bill to further her proposal for reversing the EPA’s endangerment finding. Murkowski recently introduced a resolution that states the EPA’s finding that greenhouse gases are a public health threat “should have no force or effect.” Murkowski has wide discretion on the timing of when

to bring the resolution up on the Senate floor, but there is debate over when exactly she can offer the resolution. For example, under one scenario, Murkowski could attempt to bring the resolution up during debates on jobs legislation, which would help define the EPA’s proposal by its employment implications.

Democrats have criticized Murkowski’s efforts. For example, Sen. Barbara Boxer (D-CA) said it was an “unprecedented” attack on the scientific process and a “direct assault on the health of the American people.” In addition, a number of ads from industry, environmental, union, and faith groups are pushing for climate legislation to create jobs and protect national security.

Industry

Miners, Environmentalists Confused by EPA Action on Mountaintop Mining

Conflicting guidance and contradictory decisions from the EPA regarding mountaintop coal mining have led to confusion between the industry and environmentalists. Under the Obama administration, the EPA has reviewed 175 proposed mines and has approved 48. However, both sides contend the EPA has given in to demands of the other, which has sparked tension and protests. Randy Huffman, secretary of West Virginia’s Department of Environmental Protection, said the EPA “didn’t have a well-

thought-out plan,” which has “really been the basis of the uproar.” He added that that the uncertainty surrounding the EPA’s intentions “creates fear, and that brings out the worst in people.”

Climate Change

Canada to Link Emission Goals to United States’ Effort

Canadian Environmental Minister Jim Prentice recently said that Canada will retract its goal of reducing emissions by 20 percent by 2020 and will instead coordinate its approach to that of the United States. “We will want to see our targets and the American targets equated, we want to set our base years equated, and we condition our position [on targets] as requiring commensurate U.S. effort,” he said. Canada is still expected to meet a deadline to submit climate-change plans to the United Nations by the end of the month. Prentice said Canada is working with the United States on a new set of emissions standards for planes, ships and trucks. He added that Canada is prepared to adopt a framework similar to that of the EPA to limit emissions for power plants and refineries and would consider a cap-and-trade approach.

Al-Qaeda Calls for Boycott of U.S. for its Role in Climate Change

In an unanticipated foray into climate policy, Al-Qaeda leader Osama bin Laden has blamed the United States and other industrial nations for global climate change and called for a boycott of the U.S. dollar and American goods. In a recently released audiotape, bin Laden says the only way to stop global warming is to stop “the wheels of the American economy.” The tape was aired in part on the Al-Jazeera television network. Climate change critics pointed to the tape as evidence of the extreme nature of some climate advocates’ positions. Climate change supporters were largely silent on the unauthenticated tape.