



**Fact, Fiction, Opportunity
& Threat: How Federal &
State Environmental
Policy Will Impact You**

Andy Wright

Shareholder

Tracy Hammond

Senior Policy Advisor

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Center Does Not Hold

*“If you didn't like the 112th Congress, you'll hate the 113th.”
-National Journal*

- 12 of 100 Senators and 81 of the 435 House first term
- Over 1/3 of the House less than 3 years of congressional experience
- Senate Democrats add 2 seats to their majority
 - 113th Senate 55-45
- House Republicans maintain their House majority despite 8 seat net loss
 - House - 234 Republicans, 201 Democrats
 - Seventy-one of the 83 House GOP freshmen were re-elected
- President Obama re-elected with more liberal base

2014 Senate Race Ratings

Democrats						
Solid D	Likely D	Lean D	Toss Up	Lean R	Likely R	Solid R
Coons (DE) Durbin (IL) Udall (NM) Merkley (OR) Reed (RI) Warner (VA)	Udall (CO) Schatz (HI) Markey (MA) Shaheen (NH)	Begich (AK) IA (Harkin) Landrieu (LA) MI (Levin) Franken (MN) Hagan (NC)	Pryor (AR)	MT (Baucus) WV (Rockefeller)	SD (Johnson)	
Republicans						
Solid D	Likely D	Lean D	Toss Up	Lean R	Likely R	Solid R
Chisea (NJ)			McConnell (KY)	GA (Chambliss)	Collins (ME)	Sessions (AL) Risch (ID) Roberts (KS) Cochran (MS)* NE (Johanns) Inhofe (OK) Graham (SC) Scott (SC) Alexander (TN) Cornyn (TX) Enzi (WY)

Shifting Paradigms

- **Current energy policy assumes scarcity**
 - Need to rethink in world of abundance
 - Last time Congress passed energy legislation was 2007
- Natural gas and renewable energy development, cybersecurity threats and infrastructure problems have reshaped agenda
- **Major action remains in Executive Branch**

Administration

- White House
 - President Obama working on legacy
 - Understands goals must be reached without Congress
 - Increased regulatory activity and Executive Orders
- EPA
 - New EPA Administrator Gina McCarthy signals a “doubling down” on clean air and other regulation
 - Budget cuts mean more missed deadlines and more difficult implementation of new regulations
- DOE
 - Ernest Moniz may signal a more balanced DOE post-Solyndra
 - Less money will flow through Department in 2nd term
- DOI
 - Sally Jewell nomination appeases conservation and business interests
 - Must attempt to balance between renewable and fossil fuel development

Natural Gas & “Fracking”

- The White House sees potential of developing natural gas reserves
 - Enormous pressure from environmental community
- Clean Water Act & EPA limited by the 2005 EPA Act
 - Potential regulation via Clean Air Act for methane emissions
 - Could regulate disposal/disclosure of injection fluids
- DOI proposed regs for fracking on federal lands
- Growing need for expanded pipeline infrastructure
- LNG Exports
 - Pro-export oil & gas industry
 - Anti-export environmentalists and energy intensive manufacturers

Coal

- 17% of coal fleet scheduled for retirement by 2022
 - Several clean air regulations aimed at coal-fired electricity
 - Natural gas currently cheaper than coal --- but uptick in price
 - Older coal fired facilities expensive to retrofit
 - Administration limiting mountain top removal permits
 - Hill Democrats pushing for legislation
- Exports to Asia vital to industry, but **STRONG** opposition
- New rules for coal ash disposal
 - Hazardous label would limit use in wall board, concrete and carpet
 - Would require disposal of 40% more fly ash
 - Non-hazardous label still need for liners in wet impoundments

Renewables

- EPA clean air and water regulation biggest driver for renewable power production
- Production on federal lands
 - Administration extremely supportive
 - First offshore sales taking place in 2013
 - DOI will replicate solar permitting initiatives with wind
- Transmission remains concern for industry
 - FERC trying to address issue
 - Congress unlikely to legislate in the near term
- Growing opposition to RFS

Clean Air Regulations

- No major legislation expected to be enacted
- Supreme Court decisions regarding Clean Air Act empower EPA
- Carbon/GHGs
 - New and existing power plant controls
 - New plant proposal in September
 - Existing plant proposal in June, 2014; finalized 1 year later
 - Refiners next

Clean Air Regulations (cont)

- **NAAQS**
 - Ground level ozone/smog
 - New proposed rule could be released by end of 2013
 - Likely between 60-70 ppb & push many areas into nonattainment
- **Haze Standards**
- **Sulfur**
 - 2010 rule finalized
 - 29 areas designated in nonattainment
- **Cross-State Air Pollution Rule (CSAPR)**
 - Replaced CAIR in 28 eastern states, but struck down by courts
 - EPA working to release new proposed rule in 2014

Infrastructure

- Pipeline construction more necessary & more contentious
 - NGOs make pipelines new front in battle against fossil fuels—Canadian oil sands and shale gas
 - Exhibit A --- Keystone XL Pipeline
 - Small & medium-sized lines in the Northeast
- Utilities
 - New transmission for renewables
 - Deploy smart grid technologies
 - Cost allocation and NIMBY opposition

Taxes & Energy Development

- Comprehensive tax reform
- Renewable incentives face more opposition
- Carbon tax
 - Lots of talk
 - Little support
- Oil & gas preferences
 - Billions at stake
 - Constant target of Democrats

TSCA

- Sens. Frank Lautenberg (D-NJ) and David Vitter (R-LA) introduced bipartisan legislation to reform the Toxic Substances Control Act (TSCA)
 - Active support of the American Chemistry Council (ACC)
 - Chairwoman Boxer (D-CA) demands “extensive” changes
 - Will likely end GOP (and industry) support
 - Despite TSCA hearings, the House unlikely to pass legislation

CFATS

- Congress will likely extend current regs to September 30, 2014 via appropriations
- Obstacles remain for a longer term (3 to 7 year) extension of current regulations due to significant problems with DHS implementation
- No Republican support for Inherently Safer Technology (IST)
- Administration seeking more regulation in wake of West, TX plant explosion

Cybersecurity

Growing Concern

- Fundamental policy disagreements between House and Senate
- Successful cyber attack could change dynamic

Executive Order

- President Issues Executive Order (EO) on Feb. 12th
 - Utilities and chemical industries cybersecurity activities already regulated
 - However, Agencies ordered to tighten current rules
 - EO seeks ideas from private-sector
 - distill into “best practices”
 - Faster security clearances
 - No liability protection
- Congressional Reaction
 - Wait and See
 - Some Republicans and Chamber fear new regulations

Cybersecurity

House Action

- Bipartisan Cyber Intelligence Sharing and Protection Act (CISPA) passed the House April 18;
 - Bill opposed by privacy advocates
 - President has threatened to veto
 - Democratically-controlled Senate unlikely to consider

Senate Action

- Three Senate Committees, each developing a plan
 - Senate Commerce panel bill would direct National Institute of Science & Technology (NIST) to develop voluntary cybersecurity guidelines.
 - Other two committees continue to work on their bills
 - Meld for floor consideration
 - GOP House unlikely to pass Senate bill

Other Issues

- Regulatory Reform
 - Priority for industries
 - Only Republican support in Congress
- NEPA
 - Congress legislating NEPA streamlining or exemptions
 - Vehicles include WRDA and Transportation bills
- Critical Minerals
 - Easing mine permitting
 - Global surveys

Conclusion & Questions

- Fiscal Constraints Overshadow All Issues
- Pent-up Demand for Certain Policies Remains
- Breakdown of Regular Order—When Things Move, They Will Move Quickly
- Now is the Time to Tell Your Story
- Questions?

Andy Wright

Shareholder – Polsinelli

- 30 years Washington experience engaged in lobbying & policy development
- Served as Chief of Staff for two Members of Congress over 12 years
- President of nationwide telecommunications trade association
- Represent natural gas, chemicals, renewables, energy efficiency and utility, refining, compressed gases, carpet & furniture industries



Tracy Hammond

Senior Policy Advisor – Polsinelli

- Over a decade of experience in Washington advocating on behalf of industry and trade associations on energy and environmental policy issues
- Advocate on behalf of energy intensive manufactures, fuel makers, refiners, utilities, and renewable energy producers
- Successful legislative and administrative experience with multiple chemical regulation issues



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