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Interior Department Tarnished, New Chief Says
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Salazar likely to overturn some Bush regs
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Obama to Take Steps On Car Fuel Efficiency
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Why offshore drilling is good for Va.
Daily Press, February 1, 2009; http://www.dailypress.com/news/opinion/dp-op_drilling_0201feb01,0,3639131.story

Members of the Virginia General Assembly faced a big issue when they returned to Richmond — offshore drilling. Most Virginians support a plan of action that will help solve our energy crisis by exploring for oil offshore.

Furthermore, some legislators are looking ahead to what future royalties from offshore drilling might do to help generate funding streams for much-needed transportation improvements on the Peninsula and in Hampton Roads. Virginia Beach state Sen. Frank Wagner proposed legislation last year and Del. Chris Saxman of Staunton has proposed similar legislation for the 2009 General Assembly session.

Last summer's gasoline crisis exposed how precarious America's energy situation really is. We saw what $4-a-gallon gasoline could do to our economy, the damage it caused to small businesses and the havoc it wreaked on family budgets.

The vast majority of Americans came away with the firm belief that we should take energy production into our own hands. Polls clearly show that most of us want to see our country produce as much fuel as possible here at home. And that includes energy of all kinds, from both alternative and conventional (fossil fuel) resources.

Offshore drilling is a proven way to step up domestic energy production. The congressional ban on offshore operations has expired, and some states now have the opportunity to put their previously restricted resources into play. Virginia is on the forefront of this movement, as the federal Minerals Management Service has begun reviews that could open up drilling leases 50 miles out from our coastline.

This is not an overnight process. Actual work probably wouldn't begin until 2011, and it could take five to 10 years after that to produce any oil or natural gas. The long-term nature of the business makes immediate action by the legislature to kick-start the process all the more important.

Many citizens are concerned about U.S. reliance on foreign energy supplies. Virginia's reserves could play a role in reducing this dependence. Preliminary Interior Department estimates show 130 million barrels of oil and 1.1 trillion cubic feet of natural gas are at stake. Tapping into Virginia's reserves would reduce the amount of fuel we have to buy from unstable countries, and it would also reduce retail price fluctuations if foreign supplies are disrupted.

That could be just the beginning. Offshore operations in the Gulf of Mexico over the last 30 years have produced three times as much fuel as original estimates expected, and experts believe almost five times as much may still be available for continued production. Exploring offshore resources — as Virginia has the opportunity to do — increases our knowledge of how much energy is actually out there, and gives us more control over our energy supply.

We all are concerned about the possible environmental effects of offshore drilling (the main argument typically voiced against it), but modern industry practices and techniques have greatly increased our ability to tap offshore resources without damaging the environment.

Offshore operations are strictly regulated to control both airborne and underwater emissions. Concerns about overdevelopment of the coastline, which is of special importance to those living in coastal regions, can be allayed by the use of undersea pipelines connecting drilling sites to already-developed processing areas. Many new innovations have helped to give modern offshore energy operations a remarkably clean environmental record.

The current global economic downturn has brought energy prices under control, but for how long? The worst thing we could do is to let this temporary lull divert our attention from increasing domestic energy production. If we allow that to happen, we are dooming ourselves to chronic repeats of last summer's crisis and continued reliance on the foreign countries that don't hesitate to use the energy resources they control.

Offshore drilling holds plenty of promise for Virginia, both in terms of energy production and potential economic benefit. In this economy, these reasons are more than sufficient to justify at least exploring the possibilities. We can only hope the legislature hears the call of Virginians for more and better access to their own resources.

Why the Santa Barbara oil deal collapsed
Los Angeles Times, January 31, 2009; http://www.latimes.com/news/opinion/editorials/la-ed-drill31-2009jan31,0,6019074.story

A lack of disclosure by the company and environmentalists helped lead a state panel to kill the offshore drilling deal.

There's no place in the country, or possibly the world, where offshore oil drilling is as sticky a subject (literally and figuratively) as Santa Barbara. Forty years ago to the day last Wednesday, a gigantic spill from an ocean platform wrecked beaches, massacred sea life and helped transform the national environmental movement from a tweedy nature-appreciation society into a political force. So when many of Santa Barbara's most determined anti-drilling activists teamed up to back a deal that would allow an oil company to drill under state waters off the city's coast, it was a jaw-dropping moment.

Just as surprising, given the deal's powerful backing, was its collapse Thursday, when the State Lands Commission rejected it on a 2-1 vote. The failure shows that, despite high oil prices that turned "Drill, baby, drill" into a Republican mantra last year, it remains phenomenally difficult to expand drilling in California.

Is that a bad thing? Yes and no. No new drilling in state waters has been approved since 1969, under a very sound philosophy that the things that would be harmed by drilling -- the marine life and beaches destroyed by spills -- are more valuable than the oil that would be extracted. Yet it's possible to craft compromises that compensate for environmental damage and provide economic benefits. The Santa Barbara deal came within a hairbreadth of achieving that but was rightly rejected because of bad tactics and a lack of enforcement mechanisms.

Under the publicly disclosed terms of the deal, Plains Exploration & Production Co., which owns a platform in federal waters just beyond the three-mile limit controlled by the state, would have drilled several wells from the platform into oil reserves on state property. In return, it would have closed that platform, three others it operates off Santa Barbara and two onshore processing facilities by 2022 and donated 4,000 acres of land for preservation. Over the life of the project, the state would have collected up to $5 billion in tax revenues.

Bizarrely, the company and the environmental groups that were parties to the bargain kept the rest of its terms confidential. It is not unheard of for environmentalists to sell out the public interest for political or financial reasons, and no elected official should ever approve a secret deal that affects public resources. The company finally announced that it would disclose the full agreement during Thursday's Lands Commission hearing, but that was months too late.

What's more, there was no way to guarantee that the drilling platforms would be closed in 2022 as promised. The platforms are in federal waters, and the U.S. government has a strong interest in ensuring that drilling continues. The state has no power to force the feds to give up their oil leases; the federal government could force Plains Exploration to keep drilling. Even the land donation was in question. Company lawyers told Lands Commission staff that some of the parcels had title problems that made their transfer uncertain.

With the collapse of the deal, the company's platforms and others off Santa Barbara will keep running until the cost of extracting oil is greater than the oil is worth, which could take decades. We'd love to see a transparent plan with enforceable deadlines to shut them down sooner.

Senate energy bill won't draw leasing boundaries – Murkowski
E&E, January 30, 2009; http://www.eenews.net/EEDaily/2009/01/30/2

Ben Geman

A broad bipartisan energy bill that leaders of the Senate Energy and Natural Resources Committee plan to craft in the coming months is unlikely to touch the question of allowing or restricting new offshore oil and gas leasing, Sen. Lisa Murkowski (R-Alaska) said yesterday.

Current outer continental shelf (OCS) leasing policy is unsettled after longstanding coastal leasing bans expired last fall, and former President George W. Bush removed largely overlapping executive bans last summer.

But Murkowski, the ranking member of the Energy and Natural Resources Committee, said she did not expect the committee to try and resolve the issue through the upcoming legislation. "My sense right now -- and I am saying this without having discussed this with Senator Bingaman -- my sense is that we would not be, in our bill, kind of defining those areas," she said in an interview.

Bill Wicker, a spokesman for Energy Chairman Jeff Bingaman (D-N.M.), said it is "too soon to tell" what will be in the bill. "We're working on it. It will be comprehensive, and we want it to be bipartisan, so we're consulting broadly," he said in an e-mail.

However, Murkowski said she does expect the bill to include provisions aimed at getting a clearer picture of the size of domestic offshore reserves. "When Senator Bingaman and I had our very early conversation, he acknowledges that an inventory of our energy assets is something that should be pursued," Murkowski said.

Bingaman, in November, said a key step toward resolving current questions about the future of OCS policy should be a comprehensive inventory of offshore resources. He noted that such a measure was authorized in 2005 Energy Policy Act but that it has not been adequately funded (Greenwire, Nov. 17, 2008).

Murkowski said she and Bingaman are both committed to a bipartisan measure. "There are going to be things that he and I are just not going to agree on, so we don't include that in the package," she said, noting areas such as her longstanding goal of leasing in the Arctic National Wildlife Refuge.

"But I do believe that we will be able to come to agreement in some of the broader areas, and build on what we saw from the energy acts of '05 and '07," she said, referring to major energy bills enacted in those years.

"You are clearly going to see a focus on conservation, efficiency, efficiency standards for appliances, improvements in fleet efficiencies, federal buildings," she added, and also noted support for battery and energy storage technologies.

Murkowski noted that on another OCS topic -- whether coastal states with offshore production should share in leasing and royalty revenues -- she and Bingaman do not agree. Murkowski supports revenue-sharing, which was granted to several Gulf Coast states in a 2006 energy bill, while Bingaman opposes it.

"Who knows where that one is going to go?" she asked.

Commission rejects plan to drill off Santa Barbara coast
Los Angeles Times, January 30, 2009; http://www.latimes.com/news/local/la-me-santa-barbara-oil30-2009jan30,0,4266773.story

State Lands board votes 2-1 against an oil company's proposal to close four platforms, and in turn be allowed to drill new wells in state waters.

By Steve Chawkins

Reporting from Santa Barbara -- It was cast as an unprecedented compromise, a deal that would allow a Texas oil company to sink new wells off the Santa Barbara coast in return for an agreement to shut down all four of its offshore platforms within 13 years.

But the State Lands Commission on Thursday killed the deal crafted by Santa Barbara's most vociferous anti-oil groups and Houston-based Plains Exploration and Production, closing the door on a plan that would have been the first approval to drill for oil in state waters since 1969.

Lt. Gov. John Garamendi, one of three members of the lands panel, said allowing any new drilling in state waters would suggest the state welcomes offshore drilling and send a come-hither message to other oil companies. His view was echoed by legislators from coastal districts, including Assemblyman Pedro Nava, who represents Santa Barbara.

Approval would have been "a message heard very, very clearly by those who call for 'drill, baby, drill,' " said Garamendi, a former Interior Department official who is running for governor.

But a parade of local officials, residents and environmental activists insisted the plan would have advanced efforts to protect the coast by eventually closing four of the region's 20 platforms.

"For the first time in history, the public and the state will be able to shut down existing oil production," argued Linda Krop, an attorney for the Environmental Defense Center and one of the people behind the proposal. "Without this project, they'll continue indefinitely -- perhaps another 40 years."

The 2-1 vote to reject the plan came after more than five hours of discussion. Joining Garamendi was state Controller John Chiang, who cast his vote without comment. Representing the state finance department, deputy director Tom Sheehy voted for the proposal, citing the revenues that would have poured into the state treasury from oil royalties.

The commission has jurisdiction over oil extracted from state lands and oversees more than a thousand wells.

Its hearing in a Santa Barbara waterfront hotel was especially charged, pitting an odd-bedfellows alliance of environmental groups and an oil firm against Garamendi and state lawmakers who represent coastal districts. It came a day after the 40th anniversary of the disastrous Santa Barbara oil spill -- a pivotal event in the history of the region and a big-bang moment for the modern environmental movement.

The two offshore leases for Plains Exploration and Production would have been the first time drilling in California waters was approved since the spill, which fouled miles of beaches and killed thousands of seabirds. In 1994, the state banned drilling in its waters -- those within three miles of shore -- in almost all circumstances.

The complex transaction called for the oil company to donate some 4,000 acres in Santa Barbara County to be used as parkland and to shut down its platforms off the northern Santa Barbara County coast by 2022.

Santa Barbara County approved the plan without controversy last summer.

"When we see a well-thought-out opportunity to get rid of oil development off our coast, we're all over it," county Supervisor Salud Carbajal said Thursday as the packed hearing room burst into applause.

But the Lands Commission staff called the deadline unenforceable and recommended that the proposal be denied.

The company also agreed to shutter its processing plants in Lompoc and Gaviota and give the county $1.5 million for low-emission public buses.

To the local environmental community, which has crusaded for decades against offshore oil, the biggest plum was the end-date on the leases. Generally, leases are open-ended, so companies drill for an indefinite period, cutting back when prices are low and stepping up as new technology makes it easier to tap into the ocean floor.

"This is an endgame scenario and we've always been looking for one," said Abe Powell, president of Get Oil Out!, a Santa Barbara group born in the days after the 1969 oil spill. "We've been trying to do this for four decades."

Under the proposal, the company agreed to cease operations on three of its platforms in nine years and on the fourth, known as platform Irene, in 13 years.

For the Houston-based company, the deal's sweetest feature was the new operation it hoped to launch on platform Irene. With "slant-drilling" technology, it planned to sink wells deep into the sea floor and then burrow sideways from under the federally regulated waters where Irene sits to the ocean floor under state waters.

The platforms yielded nearly one-quarter of the area's offshore oil in 2006, according to the Santa Barbara County Energy Division. But the targeted underwater oil field, known as Tranquillon Ridge after an on-shore landmark, could produce as much as 200 million barrels of oil and 50 billion cubic feet of natural gas, the company estimated. Existing pipelines would have been used to deliver the haul to processing plants already in place on shore.

Nineteen of the 20 platforms that dot the ocean off Santa Barbara and Ventura counties are in federal waters. Shuttering four of them, says Krop of the Environmental Defense Center, would make it difficult for the federal government to lease underwater tracts accessible from those platforms.

And with closure of the two processing plants, the prospect would have been more unlikely, she said.

Gaining approval from Santa Barbara County last summer, the plan faced little public opposition until recently.

The Lands Commission's staff contended that the state might not be legally able to enforce end-dates on operations that are based in federal waters.

Ellen Aronson, a regional manager of the U.S. Minerals Management Service, said oil in the area might be tapped out by 2022 anyway. But at the hearing, she said it would be impossible to know now whether that would be the case. Under federal law, the presence of oil could obligate the company to keep drilling.

Krop disagreed, saying that the end-dates would be enforceable by numerous agencies, including Santa Barbara County, the local air pollution district and the California Coastal Commission. If it had been approved, the plan's next hurdle would have been winning Coastal Commission approval at a hearing scheduled for March in Monterey.

Whether Plains Exploration and Production would try again before the lands panel was unknown.

In a statement, Rep. Lois Capps (D-Santa Barbara) said she was "hopeful" the company could make enough changes in the plan to win approval. "I am concerned that by rejecting this innovative proposal in favor of maintaining the status quo, our coastal community is left vulnerable to endless offshore oil and gas development," she said.

Capps' opinion is not shared by members of the state Legislature.

This month, 12 legislators representing coastal districts came out against the plan, including Nava, a Democrat who is a former member of the Coastal Commission. "I'm concerned about the likelihood it would create a precedent that would be difficult to combat," he said. In a letter to Garamendi, Nava and the others said the plan "could create the perception that offshore drilling is now acceptable and safe."

Salazar reopens criminal investigation of MMS scandal
E&E, January 29, 2009; http://www.eenews.net/eenewspm/2009/01/29/1

Noelle Straub

Interior Secretary Ken Salazar has asked the Justice Department to reopen criminal investigations of employees involved in a recent sex, drugs and financial favor scandal at the Minerals Management Service.

In a visit today to the Colorado office where the misconduct happened, Salazar also promised to update departmental ethics policies and overhaul MMS's royalty collection system.

"The president has made it clear that the type of ethical transgressions, blatant conflicts of interest, wastes and abuses that we have seen over the past eight years will no longer be tolerated," Salazar said in remarks prepared for delivery. "The Department of the Interior will raise the bar for ethics, and we will set the standard for reform."

Salazar said the American public associates Interior with convicted lobbyist Jack Abramoff and that ethical lapses and criminal behavior "have extended to the highest levels" of the department, noting that former Deputy Secretary J. Steven Griles went to prison. He added that the problems in the Lakewood, Colo., office, including "blatant and criminal conflicts of interest and self-dealing, set one of the worst examples of corruption and abuse in government."

Interior Inspector General Earl Devaney found that 19 employees there, nearly one-third of the entire staff of the MMS royalty-in-kind (RIK) program, partied with and received a wide array of financial favors from oil and gas companies with which the agency was conducting official business. The RIK program allows companies to pay royalties in the form of oil and gas rather than cash.

Lawmakers last year had questioned why the Justice Department under the Bush administration had not pursued criminal charges against more employees involved in the scandal.

Two employees have pleaded guilty to a criminal charge; Devaney referred the cases against two others to the Justice Department's public integrity section, but that office declined to prosecute them. Devaney last year said he was disappointed with that decision and made his position clear to the agency.

"I have asked the Department of Justice and, if appropriate, the Colorado United States Attorney's office, to review whether the criminal determinations made earlier were correct," Salazar said. "Given the seriousness of the findings ... I want to make sure that those who blatantly flaunted the law receive the appropriate sanction."

Today Salazar also said he tasked his chief of staff, Tom Strickland, a former U.S. attorney for Colorado, to review personnel actions taken against employees to "determine whether the sanctions were appropriate, or if additional sanctions are needed."

In November, Interior took disciplinary actions against the involved employees, ranging from a letter of warning and reprimand to permanent reassignment from the RIK program, suspension without pay, demotion to a lower pay grade and termination from federal service.

Several employees retired while the two-year investigation was in progress, thereby escaping any administrative punishment. They received "the usual celebratory send-offs," which were undeserved, Devaney said last year.

Salazar also had a strict new code of conduct published today for all MMS employees and promised a thorough review of Interior's ethics policies and guidelines.

Former Interior Secretary Dirk Kempthorne had already put some reforms in place. They included strengthened internal controls, enhanced documentation requirements, improved record-keeping and strengthened ethics training for all employees. A new RIK program director was named, and the organizational structure was modified so the head of the Denver-based RIK program now reports directly to the deputy associate director there, rather than to Washington, as had previously been the case.

Overhaul of royalty system
Salazar also directed Strickland to review recommendations in separate reports from the inspector general, the Government Accountability Office and a panel co-chaired by former Sens. Bob Kerrey (D-Neb.) and Jake Garn (R-Utah) that assessed the department's mineral revenue management system.

GAO has criticized the system in a series of reports, saying the department remains unable to ensure that oil and gas producers are paying full royalties due to data management problems and failure to consistently verify industry-reported data.

"We will assess the progress and effectiveness of the implementation of the recommendations," Salazar said. "We want to ensure that the actions taken to date are comprehensive. If they are not, we will take additional steps."

Salazar said "all ideas for reform" are on the table in overhauling the MMS, noting that the Lakewood office alone collected $23 billion last year.

"The problems that occurred here in Lakewood were the product of a few individuals and a set of special interests who capitalized on an outdated and flawed royalty collection system," he said. "So in addition to reviewing the cases of those individuals, we will examine a fundamental restructuring of MMS's royalty program so that taxpayers get their fair share from the development of natural resources, like oil and natural gas, on our public lands."

Calif. panel to vote on Santa Barbara production plan
Greenwire, January 29, 2009; http://www.eenews.net/Greenwire/2009/01/29/6

Debra Kahn

SANTA BARBARA, Calif. -- A state panel will vote today on the first major offshore-drilling proposal in nearly 40 years.

The Plains Explorations & Production Co. proposal for drilling in state waters off Santa Barbara -- site of a catastrophic 1969 oil spill -- faces strong state opposition, even though the company won the support of Southern California environmental groups by agreeing to shut down its platforms by 2022.

Eight state senators and 12 representatives from coastal districts are urging the State Lands Commission this month to reject the company's application for fear it would set a precedent of allowing offshore petroleum production since Congress allowed the 26-year-old federal drilling ban to expire last year.

"As Congress convenes and the new administration considers its options for reinstating all or portions of the ban on new leasing, it will be taking its cue in part from coastal states who are most affected," the senators, including the author of California's global warming law, Fran Pavley, wrote to the commission. "For California to reverse course and approve the first oil lease in state waters off Santa Barbara County since the disastrous 1969 oil spill sends the absolutely wrong message at the worst possible time."

From an existing platform in federal waters, the company, which is known as PXP, plans to drill 17 new wells in state waters here. PXP struck a deal with environmental groups after two years of negotiations, during which the company shrank its plan from 30 wells operating for 30 years and agreed to donate 4,000 acres to a state environmental reserve. It also agreed to mitigate the greenhouse gases generated by the project through donations to Santa Barbara County's emissions reduction programs.

The commission's scheduled vote on the plan is set for a day after the 40th anniversary of the Santa Barbara spill, which covered beaches with 6 inches of tarry goo and spread oil over 800 square miles of water. The spill helped spawn major federal environmental laws -- among them the National Environmental Policy Act, the Coastal Zone Management Act and the Marine Mammal Protection Act.

Environmentalists here now say term limits on new drilling are better than allowing old platforms to work indefinitely. David Landecker, executive director of the Environmental Defense Center, which brokered the agreement between PXP, Get Oil Out! and the Citizens Planning Association of Santa Barbara, said concerns about widespread drilling are overstated. The center also secured the support of 25 other groups around the state, including the Sierra Club, the Surfrider Foundation and the Ocean Conservancy.

"The idea of this being a precedent or somehow being the camel's nose under the tent are really incorrect because there isn't any other platform anywhere in the state from which one can drill into state waters where you've got this drainage issue," Landecker said in an interview.

Loophole in state ban

California still has a state ban on new offshore drilling, but PXP is using a loophole in the Coastal Sanctuary Act that allows new offshore leases in state waters that could be exploited by existing federal leases.

PXP has an existing platform in federal waters that is drawing oil from the Tranquillon Ridge formation in state territory. The new contract would give the state as much as $5 billion in royalties and produce up to 27,000 barrels of oil and 5 million standard cubic feet of natural gas per day. The project's total recoverable oil is thought to be 40 million to 90 million barrels through 2022.

Santa Barbara County has approved the PXP plan, and it now goes to the three-member State Lands Commission, which has been hostile to offshore proposals in the past.

The commission, which is composed of state Controller John Chiang, Lt. Gov. John Garamendi and Finance Director Michael Genest, issued a report this month that explored the ways a satisfactory agreement might be reached, but concluded that the state probably could not legally enforce limiting PXP's operations to 2022.

"A contract which causes PXP to prematurely abandon oil production and which halts anticipated revenue could cause the federal government to litigate against the state for damages and against PXP for either damages or continued production of the federal leases," the report says. The commission also called the carbon mitigation plan inadequate and expressed misgivings about enforcing the land transfer.

State Rep. Pedro Nava (D), chairman of the Assembly's Coastal Caucus, also objected to the groups' decision to keep the details of the agreement private. "To ask the state of California to deviate from the Sanctuary Act with an agreement that is confidential and not reviewed by the public is a very risky undertaking," he said. "When a public agency like State Lands is being asked to make such a monumental change in direction, the public has a right to participate."

Another state hurdle

If the Lands Commission approves the agreement, it would face another uphill battle before the Coastal Commission, which regulates coastal development.

In a filing with the Lands Commission, state Coastal Commissioner Sara Wan said she warned EDC counsel Linda Krop earlier this month of flaws in the agreement. "However she attempted to characterize the narrowness of the project legally, politically it was a dramatic shift from 40 years of steadfast opposition to new oil drilling," Wan wrote. "This is how it would play out in the press and throughout the nation and this would undermine any attempt to reinstate the moratorium here and elsewhere."

Paul Mason, a legislative representative for Sierra Club California, conceded that the PXP agreement was controversial. "There's a lot of political concerns around," he said. "It was not an easy discussion among the environmental community, either; it's been contentious, but it represents a unique opportunity to end production at some of these facilities."

Interior secretary to clean up after oil-sex scandal
Reuters, January 28, 2009; http://www.reuters.com/article/politicsNews/idUSTRE50R6YI20090128

By Tom Doggett

WASHINGTON (Reuters) - The Obama administration will take action to clean up the Interior Department which was tarnished by sex, drug and gift-taking scandals between some employees and workers at energy companies they regulated, Interior Secretary Ken Salazar said on Wednesday.

Salazar told White House reporters that he will "make sure that scandals that have occurred in the past are properly dealt with and that the problems that we uncover are fixed so that they don't occur again."

Salazar will travel on Thursday to the department's field office in Colorado -- the eye of the scandal storm -- to discuss what has been done to address the problem and additional steps that need to be taken.

"The type of ethical transgressions, the blatant conflicts of interests, wastes, and abuses that we have seen over the last eight years (under the Bush administration) will no longer be tolerated," Salazar said.

The department's inspector general, Earl Devaney, found there was "a culture of substance abuse and promiscuity" among employees at the department's Minerals Management Service, which handles billions of dollars in oil and natural gas supplies that are turned over by companies as in-kind royalty payments for drilling on federal lands.

During his two-year investigation, the inspector general said about a dozen MMS workers in the royalty-in-kind program used cocaine and marijuana and had "illicit sexual encounters."

Government workers got drunk at social events with employees of oil companies doing business with the agency and MMS workers had "brief sexual relationships" with industry contacts, he said.

The inspector general has told Congress "there probably were some losses" in royalty money that should have been paid by the companies, but he had no idea how much.

In addition to the wrongdoing by the MMS employees in the Colorado field office, Salazar pointed out that Steven Griles, the former deputy interior secretary, was sentenced to prison in 2007 for obstruction of justice in the investigation of lobbyist Jack Abramoff.

"It will be clear that we will no longer tolerate those types of lapses at any level of government from political appointees or career employees," Salazar said. "The American people should be proud of their government, all of their government."

Interior Department Tarnished, New Chief Says
Washington Post, January 28, 2009;
http://voices.washingtonpost.com/washingtonpostinvestigations/2009/01/new_interior_secretary_top-to-.html?wprss=washingtonpostinvestigations

Derek Kravitz

Calling for a thorough review of past ethical problems at the Interior Department, new secretary Ken Salazar pledged today a "long term-effort to enact comprehensive, top-to-bottom reforms."

Salazar, a former Democratic senator from Colorado, told a group of reporters at the White House that the agency "has been tarnished by ethical lapses and criminal behavior that has extended to the very highest levels of government."

He specifically referred to two scandals: the conviction of J. Steven Griles, the former deputy Interior secretary who pleaded guilty in 2007 to lying about his connections to disgraced uber-lobbyist Jack Abramoff; and the sex-and-drugs scandal that surfaced this summer involving more than a dozen employees at the Minerals Management Service, which handles domestic drilling revenues.

The new Interior chief also said he wants his own review of the scandals that have plagued the department in recent years, including what's been done to fix them.

Salazar plans to meet tomorrow with some of the Interior Department's 67,000 employees, at the Minerals Management Service's (MMS) headquarters in Lakewood, Colo.

In September, a two-year investigation by the Interior Department's inspector general into the MMS surfaced, finding a "culture of substance abuse and promiscuity" where officials in Colorado attended parties with oil and gas marketers, accepted gifts including ski trips, sports tickets and golf outings and steered contracts to favored clients. Two retired employees-turned-consultants have pleaded guilty to federal conflict-of-interest charges.

Since then, several of the employees identified in the reports were fired, placed on administrative leave or transferred out of the MMS's royalty-in-kind program, which allows energy companies to pay the government in oil and gas, rather than cash. Last year, it raked in more than $4 billion in royalties.

In September, former Interior Secretary Dirk Kempthorne said the ethics office at the royalty program would be expanded, with the hiring of an attorney/adviser to provide "invaluable ethics support and program oversight" and that royalty office managers would now report to a Denver-based supervisor instead of a government official in Washington.

And in October, officials announced the royalty-in-kind program would be overseen by the department's asset management program, incorporating the 10-year-old program into other operations so it's not "just hanging out to the side."

Salazar likely to overturn some Bush regs
E&E, January 28, 2009; http://www.eenews.net/eenewspm/2009/01/28/1

Noelle Straub

Interior Secretary Ken Salazar indicated today that he is likely to overturn some Bush administration policies, aiming especially harsh criticism at recent oil shale regulations.

In a 40-minute roundtable with reporters, Salazar promised to closely examine regulations that include an expedited five-year offshore leasing plan, Endangered Species Act consultation rule changes, a special rule exempting climate change concerns from the polar bear's listing as a threatened species, Utah oil and gas leases sold at auction last month and a regulation allowing visitors to carry concealed guns into national parks.

"We are developing a list of actions taken by the Bush administration, and we'll review what our options are with respect to each of the regulatory decisions made by this department in that time frame," Salazar said.

On oil shale, Salazar said research and development efforts are appropriate and should be continued because of the vast resources in Colorado, Utah and Wyoming. But he said moving forward with a final rule to allow full-scale commercial development and leasing plans for millions of acres "was not the wise thing to do at this point in time because we have so many questions that still have to be answered."

"Until those very fundamental questions are answered, it made no sense to move forward with a commercial oil shale leasing program," Salazar said. "That is one of those midnight actions of the Bush administration that we will be reviewing and making some thoughtful decisions on how to move forward."

On offshore drilling, Salazar repeatedly said opening up parts of the outer continental shelf to development will be considered as part of a comprehensive energy package and that the department will look at where it is appropriate to drill and where it is not. Decisions on specific areas are "a number of months" away, he said.

"There may be other places which are also appropriate, but we'll take our time and make sure that we're doing it right," Salazar said, noting that drilling is already authorized in parts of the Gulf of Mexico.

Asked whether Congress should reinstate at least a partial moratorium to put some areas of the OCS off-limits, Salazar said he would prefer to address offshore drilling as part of a comprehensive plan rather than "on a piecemeal basis by setting pieces of it aside."

He also pledged to look at reforming the federal royalty-collection system for both offshore and onshore leases, saying the issue also should be considered as part of a comprehensive energy bill. Dealing with royalty reform may also provide more money to boost the Land and Water Conservation Fund, he said.

As for onshore oil and gas lease sales scheduled soon, including one next week by the Wyoming Bureau of Land Management, Salazar said the matter was under review and that he did not have a decision yet.

Interior also will consider larger changes to the Minerals Management Service, which collects $8 billion a year in revenue from federal leasing. It "may very well be appropriate" for Congress, he said, to pass a law setting out the rules, responsibilities and mission of the agency.

"MMS does not have a congressional mandate or statutory authorization at this point in time, yet it collects billions of dollars on behalf of the American taxpayer and has a huge role to play," Salazar said.

Salazar will travel to Lakewood, Colo., tomorrow to address the sex, drug and financial favors scandal by MMS employees there. He will announce new ethics reform efforts while meeting with MMS staff.

"The department has suffered from a neglect of attention on ethics standards over the last administration," Salazar said. "We intend to restore the outstanding reputation that this Department of Interior used to have at one point in time."

Salazar also made an appearance at the White House press briefing today to preview his Colorado trip and ethics reforms.

Offshore Calif. drilling deal could be scuttled
AP, January 28, 2009;
http://www.google.com/hostednews/ap/article/ALeqM5gB6bi0EyTozdEPy0KGisTQNaS2PQD960AHHG0

By NOAKI SCHWARTZ

LOS ANGELES (AP) — An agreement paving the way for the first oil drilling off the California coast in nearly 40 years has run into unexpected opposition that may sink it altogether Thursday.

The plan, which could be worth billions, was announced last year by an unusual alliance of environmentalists and a drilling company. But supporters were blindsided by sudden opposition recently after it sailed through local approval and reached the state level.

The proposal hinges on a commitment from key environmental groups to lobby for expanded drilling off Santa Barbara if Plains Exploration & Production Co. would help fund hybrid buses, set aside thousands of acres of land and — most importantly — end all its local drilling by 2022.

"This is a once-in-a-lifetime opportunity," said attorney Linda Krop, who negotiated on behalf of three lead environmental groups. "If people really want to protect the coast from offshore oil and gas development, this is the best opportunity to do that."

State and federal lawmakers from California to Washington, D.C., are now challenging the plan, saying it could invite more offshore drilling along the California coast and undermine efforts to reinstate a federal drilling moratorium that was lifted by the Bush administration.

The three-member State Lands Commission has the power to scuttle the deal Thursday. Already the chairman, Lt. Gov. John Garamendi, has said he'll vote against it. The other two members — state controller John Chiang and state finance director Michael Genest — have not disclosed their intentions but Genest is leaning for it and Chiang against, setting up the possibility the plan could die on a 2-1 vote.

Supporters, now including 25 environmental groups around the state, had thought the landmark partnership and terms of the deal would be enough to push it through the regulatory process.

The commission's staff has recommended rejection, saying there is no guarantee that the company, known as PXP, will have to eventually shut down operations. The staff's finding prompted two major environmental backers of the plan — the Sierra Club and the Planning and Conservation League — to send a letter to the commission this week saying their support was contingent on the terms being fully enforced.

The company had no comment ahead of the vote. Previously, it has called the plan a win-win deal for oil exploration and the environment.

The vote is scheduled for the day after the 40th anniversary of a massive oil spill off Santa Barbara that coated miles of beaches with oil and killed dolphins, seals and thousands of birds. The spill helped lead to the Clean Water Act and a moratorium on offshore drilling, galvanizing the modern environmental movement.

If approved by the lands commission, the proposal would then go before the California Coastal Commission, which regulates coastal development.

Opponents see Thursday's vote as critical. Garamendi believes "very, very strongly" that if the board approves the plan, drilling proponents will use the vote to push for more exploration in the West.

"I'm not going to go there," he said. "I'm not going to allow that argument to take place."

Chiang has the same concerns but has yet to decide how he will vote, spokesman Hallye Jordan said.

Genest will be represented at the meeting by his deputy, Tom Sheehy. He sees the deal as a financial boon to the cash-strapped state — perhaps $5 billion over the life of the project — and believes the terms are specific to Santa Barbara so it won't lead to drilling elsewhere.

"There's tremendous environmental benefits to be had on this project," Sheehy said, adding: "We can't turn a blind eye to the financial benefits."

Garamendi said he has spoken with House Speaker Nancy Pelosi, D-Calif., and other members of the California congressional delegation who expressed "significant concern" that approving a drilling proposal could undercut their efforts to reintroduce a federal moratorium on the practice.

Rep. Lois Capps, a Democrat who represents Santa Barbara, supports the deal led by three groups, the Environmental Defense Center, Get Oil Out! and the Citizens Planning Association of Santa Barbara County. She warned both sides not to rush.

"I think if any decision is made on Thursday it will be to kill the deal," she said, adding that the commission could require more concessions from the company.

"Push them. See how far they'll go," Capps said.

Robert Deacon, a professor specializing in environmental economics at the University of California, Santa Barbara, understands the opposing arguments but thinks it's still a good project. He wondered whether the politicians are simply concerned about being seen as pro-drilling.

"We have an oil company that's agreed to environmental mitigations that more than offset any environmental harm the project would impose," he said. "And this assessment was made by some of the most vigilant environmental watchdogs."

Salazar likely to scrap MMS five-year leasing plan
Energy Current, January 27, 2009; http://www.energycurrent.com/index.php?id=2&storyid=15560

WASHINGTON D.C.: In an interview with the Associated Press, new Secretary of the Interior Ken Salazar indicated that the draft for a new five-year plan for offshore drilling would likely not be approved.

The new five-year plan proposed by the U.S. Minerals Management Service would have opened up drilling in the Atlantic and Pacific Ocean, including areas that were previously under a congressional moratorium on offshore drilling.

In the interview, Salazar said that an energy bill would be the appropriate place to address expanded offshore drilling on the Outer Continental Shelf, along with the way the government collects royalties on drilling in federal waters.

U.S. Department of the Interior spokesperson Frank Quimby told EnergyCurrent that the department would closely review the plan left by the previous administration and were likely to revise it heavily.

Quimby explained that Salazar said it would make more sense to work with Congressional leaders on any drilling expansion.

Salazar did not specify any waters that would be automatically considered off-limits to oil and gas exploration.

Salazar says limits needed on offshore drilling
AP, January 27, 2009;
http://www.google.com/hostednews/ap/article/ALeqM5go1FUX0vTwzVHAe6YgcwyNNKJjqQD95VMVF81

By DINA CAPPIELLO and H. JOSEF HEBERT

WASHINGTON (AP) — Interior Secretary Ken Salazar said Tuesday the expansion of offshore oil drilling should be worked out with Congress as part of a broad energy blueprint and not independent action by his department.

In an interview with The Associated Press, Salazar indicated the drilling plan left on his desk by the Bush administration likely will be scrapped. It would open the entire Atlantic and Pacific coasts for drilling.

Salazar declined to single out any waters considered automatically off limits to oil exploration.

"There are places that are appropriate for exploration and development and there are place that are not," Salazar said in an interview in his spacious and historic office, with a fire roaring in the fireplace beneath a full-length painting of George Washington.

Salazar, who resigned as Colorado senator to join President Barack Obama's Cabinet, said he wants to work closely with Congress on "a plan that makes sense" for offshore oil and gas development, but that any expansion of drilling should be part of a comprehensive energy plan.

Congress last year failed to renew the long-standing moratorium on oil and gas exploration across 85 percent of the nation's Outer Continental Shelf, leaving all waters potentially open to drilling. Congressional Republicans and energy lobbyists have argued against even a partial reimposition by Congress of an offshore drilling ban.

Four days before leaving office, officials in the Bush administration issued a draft of a five-year drilling plan that calls for energy leases to be made available in both the Atlantic and Pacific waters, including vast areas that until recently had been off limits for a quarter century.

But Salazar indicated that plan is all but dead.

"It seems to me the appropriate place to address the OCS and issues like royalty reform would be in the context of an energy bill," said Salazar, referring to Outer Continental Shelf development and an overhaul of the way his department collects royalties from drilling in federal waters.

On other subjects during the interview, Salazar:

_ Made clear that investigations into the gift and conflict-of-interest scandals at the Minerals Management Service that led to the firing of several people and disciplinary action against others is not yet resolved. He promised further reviews to determine if the investigations "led to the right actions."

_ Cautioned against pushing too fast on oil shale development in Colorado, Wyoming and Utah until more is known about the impact on water resources and climate changed.

Oil shale extraction requires a lot of water that could strain the resources of the Colorado River and huge amounts of electric power that could impact climate change, he said. "We're going to have to be very thoughtful in the way it's going to be developed."

_Promised to review at least 10 "midnight regulatory actions" by the outgoing Bush administration, citing as examples regulations to limit the reach of the Endangered Species Act, oil shale permitting, and oil and gas permits issued near two national parks in Utah.

"I'm troubled by many of the midnight actions by the administration. We'll take a look at them one at a time and make the right decision going forward," said Salazar.

Salazar, 53, who was among a group of Cabinet nominations confirmed unanimously on the day of Obama's inauguration, has been quick to make his presence known at the Interior Department. He addressed employees on Jan. 22 and the next day made a trip to the Statue of Liberty in New York City, a monument managed by the U.S. Park Service. On Tuesday, he conducted separate interviews with a number of news organizations.

Obama faces tough choice on Cape Cod wind farm
AP, January 26, 2009;
http://www.google.com/hostednews/ap/article/ALeqM5iynzQewvfjpZVZhSlaj5eMCohGXAD95V13SO0

By ANDREW MIGA

WASHINGTON (AP) — President Barack Obama's enthusiasm for alternative energy is being buffeted by two political forces on opposite sides of plans to build the nation's first offshore wind farm off Cape Cod.

A leading foe of the $1 billion project is Sen. Edward Kennedy, D-Mass., an early and influential backer of Obama's presidential bid. A strong proponent is Massachusetts Gov. Deval Patrick, a close friend of Obama and a source for some of his best campaign speech lines.

The plan to erect 130 giant turbines across 25 miles of federal waters in Nantucket Sound poses an early test of the president's energy policy, on stark display Monday with Obama's order to re-examine whether California and other states should be allowed to have tougher auto emission standards to combat a build up of greenhouse gases and his directive for the government to get moving on new fuel-efficiency guidelines for the auto industry.

In the final days of George W. Bush's tenure, the Minerals Management Service issued a report saying the wind farm project poses no major environmental problems, clearing the way for the Obama administration to make a final decision on whether to issue a lease for the project. Reviews by the Federal Aviation Administration and the Interior Department's inspector general are still pending.

During the campaign, Obama had expressed strong support for wind power and indicated he wanted to double renewable energy production over the next three years. But deciding the fate of Cape Wind would force him to choose sides among friends and political allies. Patrick campaigned for Obama. Kennedy, despite being stricken with a brain tumor, is a critical backer of Obama's agenda, including health care reform.

Kennedy has fought the Cape Wind project for eight years, arguing it would kill birds and endanger sea life while imperiling the scenic area's tourism and fishing industries. The turbines would stand 440 feet above sea level when the tallest blades are pointing straight up. The Kennedy family's oceanside Hyannis Port, Mass., compound would have a clear view of the project to be located 4.7 miles offshore, but Kennedy says it is not why he opposes the project.

"The interests of our state have been basically submerged to a special interest developer," Kennedy has said of the project.

Patrick has championed the wind farm, embracing it as part of a push to make his state a leader in alternative energy.

"I haven't come to my conclusions for political reasons; I've come to my conclusions because I'm convinced that the future of our economy is very much connected to the development of a vibrant industry in alternative and renewable energy," Patrick said in announcing his support in 2005 as a gubernatorial candidate.

Project backers are wary of last-minute political meddling. They cite attempts in Congress over the years to derail it, including efforts by Kennedy.

"The opponents have proven to be very crafty and to embrace a scorched-earth approach to fighting this project," said Sue Reid of the Conservation Law Foundation, a conservation group supporting Cape Wind. "Of course we are going to be vigilant."

Kennedy complained there was a rush to approve the project as the Bush administration was departing — and before federal rules for offshore wind projects have been completed.

There are hundreds of proposals for wind-energy projects across the country, including more than a dozen for offshore projects. Wind energy accounts for only 1 percent of the nation's electricity. A federal report last year said wind energy could generate 20 percent by 2030, with offshore sources accounting for nearly 20 percent of that.

Obama takes first steps on global warming, fuel economy
Greenwire, January 26, 2009; http://www.eenews.net/Greenwire/2009/01/26/1/

Darren Samuelsohn, Robin Bravender and Josh Voorhees

President Barack Obama launched his administration's global warming agenda today during a White House ceremony that included signatures on two executive orders and a broader message that he would methodically work over the next four years to reshape U.S. energy and environmental policies.

"America will not be held hostage to dwindling resources, hostile regimes and a warming planet," Obama said during a 13-minute East Wing address. "We will not be put off from action because action is hard. Now is the time to make the tough choices. Now is the time to meet the challenge at this crossroad of history by choosing a history that is safer for our country, prosperous for our planet and sustainable. Those are my priorities, and they are reflected in the executive orders I'm about to sign."

Obama's directives include instructions for U.S. EPA to review the Bush administration's decision rejecting California's request to enforce greenhouse gas emission standards for motor vehicles. He ordered the Transportation Department to finalize rules this spring that begin the first overhaul to the nation's fuel economy requirements in more than three decades.

And Obama also focused attention on the environmental benefits of a legislative package he hopes to sign into law next month aimed at kick-starting the U.S. economy.

Transportation Secretary Ray LaHood and EPA Administrator Lisa Jackson flanked Obama as he made his first public remarks on energy and environmental issues since last Tuesday's inauguration. Seated in the front row were Energy Secretary Steven Chu, Interior Secretary Ken Salazar and special White House climate and energy adviser Carol Browner. Several prominent environmentalists also attended the invitation-only event, including David Hawkins and David Doniger of the Natural Resources Defense Council and Gene Karpinski, executive director of the League of Conservation Voters.

In his remarks, Obama took issue with the Bush administration's decision to block the California waiver. The new president also turned back at the auto industry its oft-stated argument that state-led fuel economy policies would cause a "patchwork" of confusing standards for carmakers and consumers.

"Instead of serving as a partner, Washington stood in its way," Obama said. "This refusal to lead risks the creation of a confusing and patchwork set of standards that hurts the environment and the auto industry. The days of Washington dragging its heels are over. My administration will not deny facts; we will be guided by them. We cannot afford to pass the buck or push the burden onto the states."

Anticipating criticism that federal approval of California's effort would hurt U.S. carmakers, Obama insisted, "Let me be clear, our goal is not to burden an already struggling industry. It's to help America's automakers prepare for the future. This commitment must extend beyond the short-term assistance for businesses and workers. We must help them thrive by building the cars of tomorrow and galvanizing a dynamic and viable industry for decades to come."

On the Transportation Department's efforts, Obama said new regulations would serve as a "down payment" on broader efforts to reduce U.S. dependence on foreign oil. The first DOT rule will deal with corporate average fuel economy (CAFE) standards for 2011. And Obama said he then wants DOT to begin a separate rulemaking process for later years that considers a range of legal, scientific and technological issues.

Obama's announcements require a delicate balancing act as he pushes his administration to act on climate change. Former President George W. Bush's critics on Capitol Hill and in the environmental community often accused the White House of using a heavy hand in dictating EPA's policy decisions on the California waiver and other environmental matters.

White House aides were careful to say that the latest executive order does not tell EPA to grant California's waiver. "It requests that EPA undertake the legal process to reconsider the denial of the waiver, which will include an opportunity for interested parties to comment," a White House statement said. "A final decision by EPA on whether to reverse the Bush decision is anticipated to take several months."

Obama only hinted at some of the more difficult climate and energy battles ahead, including his administration's anticipated push for cap-and-trade legislation that sets greenhouse gas limits on a large segment of the U.S. economy. "My administration will work on a bipartisan basis in Washington and with industry partners across the country to forge a comprehensive approach that makes our economy stronger and our nation more secure," he said.

And Obama acknowledged the international push to craft a successor treaty to the Kyoto Protocol, for which a December deadline looms for the U.N.-led negotiations.

"We will make it clear that America is ready to lead," Obama said. "To protect our climate and our collective security, we must call together a truly global coalition. I've made it clear we will act, but so, too, must the world. That's how we will deny leverage to dictators and dollars to terrorists. And that's how we will ensure that nations like China and India are doing their part, just as we are now willing to do ours."

Californians rejoice

California has been pushing since 2002 for the federal EPA's permission to enforce a state law that would require automakers to reduce carbon dioxide emissions from new vehicles by 30 percent by 2016. The Bush administration sat on the state's request for four years before rejecting it last March, citing as legal justification the arrival of new federal automobile efficiency standards.

In statements today, several top officials from the Golden State welcomed Obama's early moves.

"With this announcement from President Obama less than a week into his administration, it is clear that California and the environment now have a strong ally in the White House," said Gov. Arnold Schwarzenegger (R). "Allowing California and other states to aggressively reduce their own harmful vehicle tailpipe emissions would be a historic win for clean air and for millions of Americans who want more fuel-efficient, environmentally friendly cars."

House Speaker Nancy Pelosi (D-Calif.) said Obama's push on the California waiver, coupled with implementation of the 2007 energy law, would "steer American automakers to retool their fleets."

"This morning, President Obama signaled that our country can no longer afford to wait to combat the climate crisis and our dangerous dependence on foreign oil," Pelosi said. "He is setting our country on a path led by science and innovation, in a dramatic departure from the past eight years."

"This is a tremendous and long overdue step for energy independence and the environment," added House Energy and Commerce Chairman Henry Waxman (D-Calif.). "President Obama is taking the nation in a decisive new direction that will receive broad support across the country."

Environmentalists and some energy analysts also praised Obama's announcements.

"We're delighted that he's keeping his word, not surprised," said Dan Becker, director of the Safe Climate Campaign. "It signals to the American people that President Obama will tackle global warming."

Gen. Charles Wald, a retired member of the U.S. Air Force and a member of the Energy Security Leadership Council, attended today's White House event. In an interview, he hailed Obama's nudge for DOT to finalize the initial round of fuel economy standards.

"It's a big step, and it's long overdue," Wald said. Obama's move, he said, marks a "first step in decreasing our dependence on imported fossil fuel" from regions whose politics may not be in line with U.S. interests.

"The thing that surprised me is that he did it this early," he said, adding that the president's quick action signals that decreasing fossil fuel dependence will be a top priority during the Obama administration.

Auto industry cautious

The Alliance of Automobile Manufacturers, representing Detroit's Big Three as well as Toyota Motor Co. and Volkswagen AG, and the Association of International Automobile Manufacturers, representing 14 international carmakers, including Nissan Motors and Honda Motor Co., have long fought California's request for a waiver.

The two groups have raised concerns over the proposed CAFE requirements, but have said they remain committed to meeting them. Both groups also publicly criticized Bush's decision to leave office without finalizing the interim rulemaking and urged the Obama administration to act quickly to limit the disruption to carmakers, which are in the midst of overhauling their business models in an attempt to combat slumping sales and sagging profits.

In a prepared statement, the Alliance of Automobile Manufacturers said today, "The Alliance supports a nationwide program that bridges state and federal concerns and moves all stakeholders forward, and we are ready to work with the Administration on developing a national approach."

General Motors Corp. said it is "working aggressively on the products and the advance technologies that match the nation's and consumer's priorities to save energy and reduce emissions."

The company added, "We're ready to engage the Obama administration and the Congress on policies that support meaningful and workable solutions and targets that benefit consumers from coast to coast. We look forward to contributing to a comprehensive policy discussion that takes into account the development pace of new technologies, alternative fuels and market and economic factors."

Obama's announcement has drawn the ire of lawmakers from states with strong ties to the automotive industry, many of which spent the end of last year attempting to secure billions in federal aid for GM and Chrysler LLC.

Ohio Republican Sen. George Voinovich, a co-chairman of the Senate's Auto Caucus, raised the concern that Obama's moves could be too much for the already ailing industry to handle. "I am fearful that today's action will begin the process of setting the American auto industry back even further," he said. "The federal government should not be piling on an industry already hurting in a time like this."

Messages left with a number of other members of Congress -- including Sens. Carl Levin and Debbie Stabenow and Rep. John Dingell, all Michigan Democrats -- were not returned as of press time.

Movement is expected in the courtroom, whichever way Obama's EPA goes.

California already has litigation pending in federal appeals court seeking to overturn the Bush administration's decision -- and judges there likely will want to see how Obama's EPA rules before they issue any decisions. Automakers have also tried to strike California's underlying law, but have lost in each step of the way in federal courts in California, Vermont and Rhode Island.

Becker predicted additional court moves from the auto industry. "The good guys will say that this is a good decision, and the bad guys will say that Godzilla will come down and eat Detroit," he said.

Stimulus connection
Beyond the two auto-related announcements, Obama today also called for fast action on the roughly $825 billion economic stimulus bill, which contains a suite of energy-related provisions.

Obama wants the measure to help double U.S. renewable energy production capacity over the next three years and has strongly linked his economic and energy agendas, touting the plan's potential to create hundreds of thousands of "green jobs."

Obama reiterated benchmarks he laid out in a weekend address, such as laying down 3,000 miles of transmission lines to help transport renewable power and saving taxpayers $2 billion per year by making 75 percent of federal buildings more energy efficient.

The new president also called for following through on pledges to increase energy security by expanding efficiency and domestic production of alternative energy, saying that presidents dating back to Richard Nixon have vowed action on energy security, but that follow-through in Washington has been lacking.

"This is the boost that our economy needs and the new beginning that our future demands," he said. "By passing the bill, Congress can act where Washington has failed to act, over and over again, for 30 years."

House Democrats plan to bring their version of the measure to the floor this week, while the largely overlapping Senate version is proceeding through that chamber with markups tomorrow in the Senate Appropriations and Finance committees. Lawmakers hope to send a final package to Obama by mid-February.

The bills contain tens of billions in energy-related spending, plus between $20 billion and $30 billion in energy-related tax incentives. Provisions in one or both of the measures includes $6 billion to make federal buildings more efficient, $8 billion on loan guarantees for renewable power and transmission projects that can begin construction relatively soon, and extended and expanded tax credits for renewable power, efficiency improvements to existing homes, and other areas. The legislation also includes funding for highway and mass transit projects.

Obama to Take Steps On Car Fuel Efficiency
Washington Post, January 26, 2009; http://www.washingtonpost.com/wp-dyn/content/article/2009/01/25/AR2009012501687.html?referrer=emailarticlepg

By Juliet Eilperin and Steven Mufson

President Obama plans to instruct key federal agencies today to reexamine two policies that could force automakers to produce more fuel-efficient cars that yield fewer greenhouse gas emissions, according to sources who have been briefed on the announcement.

The move, which the White House has privately trumpeted to supporters as "the first environment and energy actions taken by the president, helping our country move toward greater energy independence," could reverse two Bush-era decisions that have helped shape the nation's climate policy and its auto market.

Obama will instruct the Environmental Protection Agency to reconsider whether to grant California a waiver to regulate automobile tailpipe emissions linked to global warming, sources said, and he will order the Transportation Department to issue guidelines that will ensure that the nation's auto fleet reaches an average fuel efficiency of 35 miles per gallon by 2020, if not earlier.

On Dec. 19, 2007, then-EPA Administrator Stephen L. Johnson blocked the efforts of California and more than a dozen other states to limit automobiles' carbon dioxide emissions, arguing that President George W. Bush had addressed the issue by signing a law that same day raising the corporate average fuel-efficiency standard to 35 miles per gallon by 2020. But California's tailpipe emissions rules would have effectively required even greater fuel-efficiency increases, by seeking to cut vehicles' greenhouse gas emissions by 30 percent between 2009 and 2016, something American automakers have resisted.

The Bush administration never issued near-term guidelines for tighter fuel-efficiency standards: The Transportation Department circulated a proposal last fall that would have required auto companies to build new cars averaging as much as 31.8 miles per gallon by 2015, compared with the current level of 27.5 miles per gallon, but it announced less than two weeks before Bush left office that it would not issue formal guidelines.

Daniel J. Weiss, who directs climate strategy at the Center for American Progress, a liberal think tank, praised the new administration for pressing ahead with ambitious fuel economy goals.

"President Obama's actions will reduce our oil dependence by speeding the production of the gas-sipping cars of the future," Weiss said. "He understands that oil and gasoline prices will rise with our recovering economy, and more fuel-efficient cars will help families cope with higher prices. And other countries will want to buy our more-efficient vehicles."

Officials at General Motors and Ford said they were not aware of what the announcement would be. The White House declined to discuss the president's planned energy announcement.

Obama, who has consistently urged U.S. automakers to produce more fuel-efficient cars, is likely to accelerate the timeline for raising the nation's corporate average fuel economy for cars and trucks. The Transportation Department guidelines must be issued by April in order to affect the 2011 auto fleet.

Granting a waiver for California to regulate tailpipe emissions would affect nearly half the U.S. auto market. Thirteen other states -- including Maryland -- and the District have already adopted California's proposal, while at least four others have pledged to do so. When the EPA rejected the waiver, Obama issued a statement saying the decision "is yet another example of how this Administration has put corporate interests ahead of the public interest. If the courts do not overturn this decision, I will after I am elected president."

"Not only is the new president a man of his word, but he's making a dramatic break with the Bush administration's climate policy," said Frank O'Donnell, who heads the advocacy group Clean Air Watch. "It's a powerful signal that science -- and the law -- will guide his administration's decisions. This should prompt cheers from California to Maine."
