

Week in News: June 22-June 28, 2009

Competition for remaining oil will be fierce

Journal Star, June 27, 2009;

<http://journalstar.com/articles/2009/06/27/opinion/columns/doc4a455f4b29a04856689986.txt>

House approves cap-and-trade bill, 219-212

E&E Daily, June 26; 2009; <http://www.eenews.net/EEDaily/2009/06/26bn/1/#1>

House approves Interior-EPA spending bill

E&E News PM, June 26, 2009; <http://www.eenews.net/eenewspm/2009/06/26/3>

House Dems prepare to gamble on cap-and-trade vote

E&E Daily, June 26, 2009; <http://www.eenews.net/EEDaily/2009/06/26/1>

Liz Birnbaum named MMS Director

Marine Log, June 25, 2009; <http://www.marinelog.com/DOCS/NEWSMMIX/2009jun00257.html>

Wind and wave energy need a push

Daily Astorian, June 25, 2009;

<http://www.dailyastorian.info/main.asp?SectionID=23&SubSectionID=392&ArticleID=62030&TM=68671.95>

Former advocacy-group attorney, Hill staffer to lead MMS

E&E News PM, June 25, 2009; <http://www.eenews.net/eenewspm/2009/06/25/4>

'I know it's going to be a close vote' – Obama

E&E News PM, June 25, 2009; <http://www.eenews.net/eenewspm/2009/06/25/1>

House Dems limit amendments to Interior-EPA spending bill

E&E Daily, June 25, 2009; <http://www.eenews.net/EEDaily/2009/06/25/4/>

House cap-and-trade bill may beat Senate energy measure to floor

Oil and Gas Journal, June 24, 2009; <http://www.ogj.com/index/article-display/1710319955/s-articles/s-oil-gas-journal/s-general-interest/s-government/s-articles/s-house-cap-and-trade.html>

Markey Looks To Past Models For Energy Push

National Journal, June 24, 2009; http://www.nationaljournal.com/njonline/no_20090624_8961.php

Senator Landrieu: Share oil and gas revenue with coastal states

All American Patriots, June 24, 2009; <http://www.allamericanpatriots.com/48754049-senator-landrieu-share-oil-and-gas-revenue-with-coastal-states>

Wind energy race on as feds grant first offshore leases

The Bellingham Herald, June 23, 2009; <http://www.bellinghamherald.com/inauguration/story/961957.html>

NOIA Applauds Issuance of Exploratory Offshore Wind Leases

PR Newswire, June 23, 2009;

<http://news.prnewswire.com/DisplayReleaseContent.aspx?ACCT=104&STORY=/www/story/06-23-2009/0005049080&EDATE=>

Obama Lauds Energy Bill Before It Reaches House Floor

CQ, June 23, 2009; <http://www.cqpolitics.com/wmspage.cfm?docID=news-000003150987>

Offshore wind projects get data-gathering leases

Greenwire, June 23, 2009; <http://www.eenews.net/Greenwire/2009/06/23/2>

House Dems release 1,201-page cap-and-trade bill; floor debate Friday

E&E Daily, June 23, 2009; <http://www.eenews.net/EEDaily/2009/06/23/1/>

Senate energy bill's key elements go beyond eastern Gulf of Mexico

PennEnergy, June 22, 2009; http://www.pennenergy.com/index/articles/display/8039509114/s-articles/s-oil-gas-journal/s-weekly-washington-update/s-analysis/s-senate-energy_bill.html

Senator Murkowski meets, greets Sotomayor

Fairbanks Daily New-miner, June 22, 2009; <http://newsminer.com/news/2009/jun/22/senator-murkowski-meets-greets-sotomayor/>

Bill Nelson has gone too far with oil, gas production rhetoric

South Florida Sun-Sentinel, June 22, 2009; http://www.sun-sentinel.com/news/opinion/sfl-energy-explore-letter-m06220sbjun22_0_3656508.story

Ryan: Subsidies Are Already Too Great

Roll Call, June 22, 2009; http://www.rollcall.com/features/Energy-Reform_2009/energy_reform/36000-1.html

Competition for remaining oil will be fierce

Journal Star, June 27, 2009;

<http://journalstar.com/articles/2009/06/27/opinion/columns/doc4a455f4b29a04856689986.txt>

By Stuart Long

Author's note: I wrote this column in 2004, and it was published under the heading "\$2 gas may soon seem cheap." I add some current thoughts at the end.

We've heard dire warnings of impending oil shortages all our lives, but this time the wolf may actually be at the door.

Most news coverage of \$2 gasoline has been focusing on U.S. refining capacity and vacation driving, but the real story may be much more dramatic. World oil production could begin declining at any moment, driving prices sharply upward and crippling the global economy.

U.S. prosperity was built on cheap oil, \$2 to \$3 a barrel until the 1960s. As recently as 1994, oil sold for \$13 a barrel. In the wake of recent (2004) terrorism in Saudi Arabia, buyers were bidding \$42 a barrel.

Oil is vital to transportation, industry, agriculture, etc., in every country under every economic system. World demand rises as more countries try to copy western industrialization and consumerism. China just passed Japan as the world's No. 2 importer of oil.

What is rarely reported is that the oil-producing nations are straining to keep up with demand. When Saudi Arabia reaches full production in the next few months, there will be no more excess capacity anywhere in the world oil economy.

As anyone who has ever studied economics knows, when demand exceeds supply, prices rise. If the condition is permanent, then the price increases are, too.

In the oil industry, this historic moment is known as Hubbert's Peak. In 1956, geologist M. King Hubbert predicted that U.S. oil production would peak in the 1970s and then start falling. Almost nobody believed him at the time, but he proved correct.

That's why the United States imports an ever-increasing share of the oil it consumes, about 55 percent. The United States consumes 20 million barrels of oil per day, a quarter of world demand.

This fact of life also may explain why the U.S. military is so invested in the Persian Gulf area. That's where 65 percent of the world's proven oil reserves are.

Using Hubbert's mathematical models, one major study of global oil production identified the peak year as 2004; another put it in 2008. Stated another way, of the 2 trillion barrels of oil in the ground, half already have been pumped.

Competition for the remaining oil will be fierce. In the last global war, oil was the strategic goal of Germany's invasion of Russia and Japan's attack on the United States.

At full production, Saudi Arabia will pump 9 million barrels per day. Iraq, which is second only to Saudi Arabia in proven oil reserves, produces just 2 million barrels per day, less than Venezuela.

President George W. Bush and Vice President Dick Cheney are former oil men. Their interest in exporting democracy to Iraq is directly proportional to their desire to see Iraqi oil exploited.

They also want to increase supply by more offshore and Alaska drilling. One Republican proposed suspending state pollution laws to ease refining. Domestic energy politics will grow more strident, too.

There is no magic bullet technological solution in sight. But when gas prices climb high enough — just imagine \$5 gas — we will all become conservationists.

* * *

Current thoughts: Industry secrecy clouds the issue, but peak oil worldwide may have occurred in 2005. Many economists believe the resulting price increases to \$140 a barrel last summer triggered the global recession. Enjoy the present low gas price (\$2.50) because it's only temporary.

Americans are so in love with their cars that they will sacrifice almost everything before giving them up. When gas hits some unbearable price like \$10 and the former middle class no longer can afford to drive, gas and guns will become chaotically intertwined.

No matter whom we elect president or to Congress, the U.S. military will occupy the Persian Gulf until all the oil is gone or we can no longer afford the occupation.

Americans eventually will have profound regrets about the money we have wasted on suburban sprawl and highways since World War II.

Commercial aviation is a lost cause.

The United States should invest what we can right now in improving our rivers, canals and railroads (towboats and locomotives can run on coal or wood if necessary).

House approves cap-and-trade bill, 219-212

E&E Daily, June 26; 2009; <http://www.eenews.net/EEDaily/2009/06/26bn/1/#1>

Darren Samuelsohn

House Democrats and President Obama squeaked out a historic legislative victory today as the House voted, 219-212, to approve a comprehensive global warming bill that sets mandatory limits on U.S. greenhouse gas emissions.

211 Democrats and 8 Republicans voted to adopt sweeping legislation following a frenzied final week of lobbying that included personal pleas from Obama and GOP pledges of political payback.

The floor vote was as close as many expected, with 44 Democrats bucking their president and House Speaker Nancy Pelosi (D-Calif.) in opposition to the legislation.

Democrats began the day on eggshells as the party's leaders pressed their reluctant rank-and-file to help get the bill over the edge. In the end, they were able to convince dozens of lawmakers to vote for the bill despite obvious concerns in their industrial and rural districts.

For Democrats, it was a day many had sought for years, since the George W. Bush administration and the days of GOP majority rule in the House that ended in 2006.

Majority Leader Steny Hoyer (D-Md.) closed down the Democratic side of the debate by tapping into Obama's mandate from last November's presidential election. "America voted for action, not additional studies," he said. "America voted for the 'Change we believe in.' That's what this bill represents."

Pushing in the opposite direction, Minority Leader John Boehner (R-Ohio) took to the floor for what was essentially an hourlong filibuster to read aloud segments of the 309-page manager's amendment that Democrats did not release publicly until early this morning.

"Please, is there anything we're not regulating under this bill?" Boehner asked.

Republicans who voted for the bill were: Reps. Mary Bono Mack of California; Leonard Lance, Frank LoBiondo and Chris Smith of New Jersey; Michael Castle of Delaware; Mark Kirk of Illinois; Dave Reichert of Washington; and John McHugh of New York.

Some of the Democrats who opposed the bill were: Reps. Kathy Dahlkemper and Chris Carney of Pennsylvania, Chet Edwards of Texas, Eric Massa of New York, Glenn Nye of Virginia, John Tanner and Lincoln Davis of Tennessee, Jim Costa of California and Brad Ellsworth of Indiana.

Looking ahead to the Senate

Next comes Senate action, with Majority Leader Harry Reid (D-Nev.) pledging a full floor debate following markups in the Environment and Public Works Committee and several other panels.

The Senate does have a good deal of experience on climate change thanks to three floor votes on cap-and-trade measures since 2003. While no vote notched more than 48 senators in favor, Democratic leaders have the key issues and concerns fleshed out as they consider how to cross the 60-vote threshold needed to defeat a certain filibuster. They will also have to contend with a group of 15 or so senators who may seek to weaken the measure.

Key House members envision their work being useful in the Senate. "The hope is the House bill becomes a template for what the Senate does, that they basically take our bill and work from there," said Rep. Mike Doyle (D-Pa.), a senior member of the Energy and Commerce Committee.

"I think we have provided a great template on how to reach a consensus," said Rep. Jay Inslee (D-Wash.), another Energy and Commerce Committee member. The Senate will not accept every "jot and tittle" of the House bill, Inslee said, but "I do think we have shown the model of where the regional compromises are that can really help them get a product into conference committee."

The Democrat-written House bill (H.R. 2454) numbers more than 1,500 pages and includes a host of policies and programs long sought by environmental groups. Most important, the legislation orders major industrial sources of greenhouse gases to enter into a cap-and-trade program that requires a 17 percent cut in domestic emissions by 2020.

It also orders utilities to supply 15 percent of their power sales from qualified renewable sources of electricity by 2020.

Republicans lost, 172-256, on their alternative approach that would have set a goal for the United States to reach 50 percent energy independence in a decade and 100 percent energy independence in 20 years. Democrats criticized the measure as a return to Bush administration policies.

Several major green groups welcomed the bill's passage. "I think it's the most important environment or energy legislation in our nation's history," Fred Krupp, president of the Environmental Defense Fund, said in an interview.

But the U.S. Chamber of Commerce took issue with the legislation. "The chamber hopes, at some point, that Congress will find a way to balance the need for a strong U.S. economy while still addressing global climate change," said William Kovacs, the groups senior vice president of environment, technology and regulatory affairs. "Unfortunately, Congress has fallen short with this bill."

House approves Interior-EPA spending bill

E&E News PM, June 26, 2009; <http://www.eenews.net/eenewspm/2009/06/26/3>

Noelle Straub and Taryn Luntz

The House voted 254-173 today to approve the \$32.3 billion appropriations bill for environmental agencies after rejecting several Republican attempts to cut spending.

Republicans, frustrated over a Democratic rule allowing votes on 13 of the 105 amendments offered, had originally insisted on a roll-call vote on each bid to change the fiscal 2010 appropriations bill for the Interior Department, U.S. EPA and the Forest Service. But when Democrats needed time to round up support for this afternoon's vote on the energy and climate bill, GOP lawmakers withdrew their requests. They hooted in derision when Democrats then asked for recorded votes.

The House approved by voice vote a manager's amendment from Interior Appropriations Subcommittee Chairman Norm Dicks (D-Wash.) adjusting abandoned-mine funding and increasing spending for the Saving America's Treasures Account for the Land and Water Conservation Fund Stateside program.

The House rejected eight amendments that would have slashed billions from the bill or cut specific earmarks. Two other amendments were approved by voice vote last night, including one to provide \$25 million for Forest Service drug enforcement efforts. Another two that were withdrawn by their sponsors would have prohibited recreation grants from the Land and Water Conservation Fund from being used to acquire land in state or local parks and provided \$2.5 million for forest-health and community wildfire protection under the Healthy Forest Restoration Act.

"I think this is one of the best Interior appropriations bill I can ever remember," Dicks said on the floor. Subcommittee ranking member Mike Simpson (R-Idaho) objected to the overall spending level but approved of where the funds were directed. "I think we've come out with a good bill," Simpson said.

Rep. Rob Bishop (R-Utah), chairman of the Congressional Western Caucus, called the bill's passage "disappointing news" and said it is "awash with frivolous projects and wasteful spending that ignores the priorities of the very people most impacted by the legislation."

The Senate Appropriations Committee has approved its version of the bill, with the slightly lower total of \$32.1 billion, but it remains unclear when the full Senate might take up its measure.

EPA

The House bill provides \$10.6 billion for EPA -- \$84 million beyond President Obama's recommendation and nearly \$3 billion more than its current funding level of \$7.6 billion.

The package includes provisions added last week by the House Appropriations Committee to protect agriculture interests from federal climate regulations. The bill bars EPA from requiring factory farms to report their greenhouse gas emissions and exempts livestock operations from possible carbon regulations.

A companion bill approved this week by the Senate Appropriations Committee contains a similar provision, but it would exempt only farms that emit less than 25,000 tons of carbon dioxide equivalent per year from reporting their emissions.

Overall, the spending bill includes \$420 million for climate adaptation and scientific efforts at EPA -- \$24 million above Obama's budget and \$189 million above the fiscal 2009 level.

Water projects would get \$3.9 billion, more than double the fiscal 2009 funding levels. The bill divides the money among the Clean Water State Revolving Fund, the Drinking Water State Revolving Fund and State and Tribal Assistance Grants.

Clean-water projects saw an additional \$6.4 billion under the federal stimulus bill.

"In a few short months, through the 2009 Appropriations Act, the [stimulus bill] and the amounts recommended in this bill, this committee has made the largest annual investment in clean water in recent American history," the bill report says.

The package allots \$677 million to major water bodies, \$89 million above the president's request and a \$544 million increase from last year. Much of that money would go to the Great Lakes, which is tapped to receive \$475 million for a major restoration initiative.

The Superfund program would get \$1.3 billion, \$2 million less than Obama's request but a \$22 million boost from last year's level.

Interior, Forest Service

The bill would provide \$10.97 billion for Interior, \$7 million less than the White House request but \$897 million above fiscal 2009 levels.

Interior agency levels include \$1.13 billion for the Bureau of Land Management, which is nearly \$87 million above current spending but more than \$23 million below the White House request.

The Fish and Wildlife Service would receive roughly \$1.64 billion, which is around \$195 million above fiscal 2009 spending and just slightly below the Obama administration's budget proposal.

Other levels: \$2.72 billion for the National Park Service, which is \$27 million above the request; \$160 million for the Office of Surface Mining Reclamation and Enforcement, which matches the White House request and is slightly below current spending; and \$1.1 billion for the U.S. Geological Survey, which is almost \$8 million above the request and about \$62 million above current levels.

The bill would provide \$131 million in discretionary appropriations for the Minerals Management Service, which also can use receipts and cost recovery fees.

The bill contains \$3.66 billion for Interior's and the Forest Service's wildland-fire management operations, \$165 million more than the administration requested. That includes \$357 million for a contingency reserve fund called for by the administration, which would only be tapped if federal agencies exhausted regularly budgeted money for wildfires. The Forest Service and Interior would also receive \$611 million for hazardous fuels reduction, a major boost of \$91 million over what the administration requested.

The bill would also boost non-fire funding for the Forest Service, giving the agency \$2.77 billion, which is \$62 million more than the administration requested and \$154 million above 2009. It provides \$503 million for the National Wildlife Refuge System, which is \$20 million above Obama's request and \$40 million more than current levels.

The Appropriations Committee did not go along with an Obama administration request to slap a new \$4-per-acre fee on "nonproducing" leases in the Gulf of Mexico. The bill does defer \$50 million in funding for helping the industry research extraction of "ultra-deepwater" oil and gas resources that was included in the 2005 Energy Policy Act. The bill also boosts the costs of applications for permits to drill from \$4,000 to \$6,500 and increases the inspection fee for offshore oil and gas facilities.

House Dems prepare to gamble on cap-and-trade vote

E&E Daily, June 26, 2009; <http://www.eenews.net/EEDaily/2009/06/26/1>

Darren Samuelsohn and Ben Geman

House Democratic leaders appear ready to roll the dice by moving ahead with a floor debate on energy and global warming legislation despite not knowing if they have the 218 votes needed to pass the bill.

Emerging shortly after midnight following a more than two-hour meeting in Speaker Nancy Pelosi's office, several top Democrats expressed cautious optimism about their ability to pass the sweeping bill, now called H.R. 2454, that would establish a mandatory cap-and-trade program to curb greenhouse gas emissions.

"We could be there," Majority Leader Steny Hoyer (D-Md.) told E&E. "We've got to assure ourselves that we are. But we could be there. What I'm saying is we could have them, but there are some that are not 'Yeah, no doubt about it.'"

Hoyer said Democrats will likely start the day with a debate over the rule on the climate bill, which had not been finished as of 1 a.m. today. After that, they are not sure if they will move directly to the actual bill or complete consideration of the fiscal 2010 spending bill for the Interior Department and U.S. EPA.

As for the climate bill, the Democrats were clearly nervous about pushing for a floor debate on an issue that makes many of their own rank-and-file members uneasy.

Ways and Means Chairman Charles Rangel (D-N.Y.) said the plan was to pass the climate bill today, even if it is with the slimmest of margins. "We wouldn't go if we didn't think we had them," he said. "It's going to be close."

Throughout the day, different sources offered up different projected whip counts on what is set to be the first-ever House floor vote on cap-and-trade legislation.

"I'm not confident about anything," said Rep. Diana DeGette (D-Colo.), a lead member of the Democratic whip team. "But I will say we are closing in on the numbers. We feel good about the way things are going today."

Even Obama played a big role yesterday, working the phones and visiting with several fence-sitting members at the White House as his aides eyed the razor-thin margin.

"I can't stress enough the importance of this vote," Obama said during a quickly arranged Rose Garden speech yesterday to promote the bill. "I know it's going to be a close vote, partially because of the misinformation that's out there that suggests there's somehow a contradiction between investing in clean energy and our economic growth."

Last-minute maneuvering

While several Democrats signaled a victory, E&E's analysis continues to show a more conservative outlook, with 185 solid "yes" votes and about 80 fence-sitters from a cross section of largely rural and heavy industry districts.

Several House Democrats held back yesterday from making any commitments, suggesting they would wait until the buzzer sounds.

"I'm not going to make a decision until I see the final deal," said Rep. Allen Boyd (D-Fla.), a leader of the House Blue Dog Coalition. "And that thing changes. It may change right up until the vote. That's probably why I won't make a decision until right at the end."

Rep. Kathy Dahlkamper (D-Pa.) said she has received lots of attention from the Obama administration in recent days. Asked if anyone has told her she could be the deciding vote on the floor, the freshman from Erie replied, "No they haven't. See, if I vote early, then I won't be. It depends on when you vote, whether you're the make-or-break vote."

Another freshman, Rep. Eric Massa (D-N.Y.), said he is still holding out until some regional issues get addressed, including international offsets and rewards for existing hydropower. "There's a lot of things that have happened, and a lot of things that are happening, and we'll see how it all ends up tomorrow," he said. "There's still a lot of work going on tonight."

Pelosi personally worked reluctant members on the House floor, including an exchange with Rep. Henry Cuellar (D-Texas).

A handful of uncommitted Democrats also got a special invitation while meeting yesterday at the White House with Obama's chief of staff Rahm Emanuel. "Those that were undecided got a tap on the shoulder and met with the president," said Rep. Tim Walz (D-Minn.), who already has said he will vote for the bill and, therefore, did not get a tap.

The seven sophomore Democrats at the meeting with Emanuel were Reps. Yvette Clarke of New York, Joe Donnelly and Baron Hill of Indiana, Ron Klein of Florida, Steve Kagen of Wisconsin, Betsy Sutton of Ohio and Walz.

Determining where some Democrats are is in and of itself something like a treasure hunt. DeGette, for example, said she has received commitments from four of five members in the Colorado Democratic delegation, with Rep. John Salazar remaining on the fence.

But Rep. Betsey Markey (D-Colo.) was not willing to commit when asked about her vote. "Just holding off right now," she said, declining further comment.

Rep. Mike Doyle (D-Pa.), a key lawmaker in negotiating the climate bill, said earlier this week that getting a firm grip on the House vote tallies can be elusive. "Sometimes a person can be whipped by three different people and give three different answers," Doyle said. "You never know until the card goes in the slot and the button gets pushed."

Several Democratic lawmakers yesterday took a more definitive public stance in favor of the bill, including Reps. Leonard Boswell of Iowa, Dennis Cardoza of California, Jim Cooper of Tennessee, Mary Jo Kilroy of Ohio, Suzanne Kosmas of Florida, Sander Levin of Michigan, Edolphus Towns of New York and Ed Perlmutter of Colorado.

"I'm claiming about a 75 percent victory, and I'm going to become a 'yes,'" Boswell said, before noting that he still would raise red flags about electric utility prices in the Midwest.

"To me, action is essential," Levin added.

Opponents also got a clearer picture of their side, with Reps. Ginny Brown-Waite (R-Fla.), Jerry Costello (D-Ill.), Patrick Tiberi (R-Ohio) and Aaron Schock (R-Ill.) all publicly stating they will vote against the bill.

Republicans are seemingly eager to hold the vote, banking on the results to pay dividends at the polls in November 2010 -- win or lose.

"Mark my words," said Minority Leader John Boehner (R-Ohio). "The American people are going to remember this vote. This will be a defining moment and a defining vote in this Congress."

Democratic leaders said they are still optimistic they can win over a handful of GOP votes, and they have kept their focus on about 11 moderate Republicans who have expressed interest on the issue.

"As a lifelong, committed, environmental Republican, my counsel is to play it close to the vest, ask questions, demand answers and then in the final analysis do the right thing," said former Rep. Sherwood Boehlert (R-N.Y.), who has helped organize meetings between moderate GOP lawmakers and Pelosi.

The climate bill's supporters may not want to address the question, but lingering in the back of many a mind is what happens if the House cannot pass the legislation.

Rep. Peter DeFazio (D-Ore.) said a losing House vote does not bother him considering the Supreme Court has already granted U.S. EPA authority to regulate greenhouse gases.

"I had Henry Waxman and others ask me, 'OK, so what if this fails?' And I say, 'If I was the president, Saturday morning, I'd hold a press conference or I'd use my radio address and say, climate change is a real problem. America must lead. My EPA has already begun promulgating rules. I'm now proposing that they adopt the schedule for reductions that was in this bill and do it in a regulatory matter,'" DeFazio said.

"Their argument to me is 'They'll get sued.' And I say, 'We did the Clean Water Act somehow.' We cleaned up our rivers without involving Wall Street and without saying, 'Gee, I'm going to pollute the Wilamette River in Oregon because I'm cleaning up the Amazon in Brazil.' We didn't do any of that and it worked great."

Carbon tariff deal

Rep. Levin of Michigan, a senior member of the Ways and Means Committee, said yesterday there is an agreement on language that allows U.S. tariffs on imports from China and other countries if they do not impose comparable emissions curbs.

"I think this will help push an international agreement on climate change as well as make sure we don't lose jobs in this country because another country decides to have an advantage over ours because they can pollute more," Levin said.

A major concern in the drafting of climate legislation is that U.S. industries would suffer a competitive disadvantage because they would face emissions cutting costs that overseas competitors in China and other countries may not.

Lawmakers also want to avoid "carbon leakage," in which emitting industries will move to other countries to avoid the cost of U.S. requirements.

Levin said that beginning in 2020, if U.S. industries face these cost disadvantages due to differences in emissions policies, the tariffs will be imposed.

The deal differs from earlier international provisions in the bill approved by the Energy and Commerce Committee, giving Congress more authority over the issue. Levin said that under the agreement, if the president decides to waive the tariffs because it is in the national interest, Congress must approve of the waiver.

Two business groups -- the National Foreign Trade Council and U.S. Council for International Business -- warned that Congress is at risk of inviting international trade sanctions and other problems with the plan (E&E Daily, June 25)

Business, labor weigh in

As the vote looms, powerful interest groups continue to weigh in with promises they will be keeping score today.

The U.S. Chamber of Commerce reiterated its opposition in a letter to lawmakers yesterday that warned it would consider the votes in its annual scorecard. The group has donated to several lawmakers who, according to E&E's analysis, are fence-sitters on the climate bill.

The business group laid out several complaints in its letter, such as alleging the bill does too little to deploy renewable and alternative energy sources to help meet the declining emissions cap.

Similarly, the National Association of Manufacturers spelled out its opposition in a letter yesterday and said it may include the bill among its "key manufacturing votes" for the 111th Congress.

The National Farmers Union, meanwhile, reversed its previous opposition to the bill and called on lawmakers yesterday to support it, following a deal between Agriculture Chairman Collin Peterson (D-Minn.) and Waxman this week on farm sector emissions offsets and other issues.

The Democratic-leaning farm group had been in favor of cap-and-trade climate legislation until they felt the Waxman-Markey proposal shut out farm interests. The farmers union was one of several agriculture groups that pressed House leadership to change the bill that came out of the Energy and Commerce Committee.

The American Farm Bureau Federation, the major agribusiness lobby, opposes the measure however, sending a letter to all House members yesterday claiming it imposes "enormous costs." But the group says Peterson's deal at least improves the measure and urged support for his amendment.

Peterson told reporters yesterday evening that more and more farm state Democrats are supporting the bill in the wake of his deal with Waxman.

The AFL-CIO, the nation's largest labor organization, urged lawmakers to vote "yes" on the bill in its own letter yesterday, although the group has also expressed reservations about the measure. The group said the bill, "while not perfect," is an important first step toward curbing greenhouse emissions and reducing dependence on foreign energy.

"We believe the American Clean Energy and Security Act could be improved further. For example, we will work to strengthen its international competitiveness provisions," states a letter from William Samuel, a top lobbyist with the group. "Moreover, we believe the bill should not be sent to the White House for the president's signature until the Energy Information Administration has conducted a full analysis of its impact."

Correction: The climate and energy bill number is H.R. 2454.

Liz Birnbaum named MMS Director

Marine Log, June 25, 2009; <http://www.marinelog.com/DOCS/NEWSMMIX/2009jun00257.html>

Secretary of the Interior Ken Salazar today appointed Liz Birnbaum, an attorney with two decades of Federal Government and private sector experience in energy and environmental policy, as Director of the Department's Minerals Management Service. The appointment does not require Senate confirmation.

"As a former Associate Solicitor here at Interior with extensive experience as counsel and staff director for congressional committees, Liz brings a number of strengths to this key position at Interior," Secretary Salazar said. "Her in-depth knowledge of energy issues, natural resource policy and environmental law as well as her managerial expertise and work in coalition building will be especially important as we advance President Obama's new energy frontier and lay the foundation for a clean energy economy."

NOIA, the National Ocean Industries Association, congratulated Secretary Salazar on the appointment .

"I have known Liz Birnbaum for many years and worked with her in a number of capacities," said NOIA President Tom Fry, himself a former Director of MMS.

"I believe that Liz's experience on a wide range of different natural resources issues will be valuable to the tremendously important work of the Minerals Management Service."

Since 2007, Birnbaum has been staff director of the Committee on House Administration, overseeing strategy development, budget management and staff activities for the House congressional committee that manages legislative branch agencies.

Before that she was Vice President for Government Affairs and General Counsel for American Rivers, where she directed advocacy programs for the river conservation organization from 2001 to 2007. She coordinated staff work, built coalitions with other national and grassroots conservation organizations and represented the organization before congressional committees and executive branch agencies.

Birnbaum was the Department of the Interior's Associate Solicitor for Minerals Resources from 2000 to 2001, supervising and managing a staff of attorneys that provided legal advice, developed regulations and conducted litigation on minerals issues for the Minerals Management Service, Bureau of Land Management and Office of Surface Mining and Reclamation.

Before that she was a special assistant to the Interior Solicitor, from 1999 to 2000, overseeing legal policy on a range of natural resource issues, including mining law, public land management and hydropower licensing.

From 1991 to 1999 she was counsel to the House Committee on Natural Resources, where she handled legislative and oversight activities for the Department of the Interior, U.S. Forest Service and electric power marketing administrations.

From 1987 to 1991 she was counsel for the Water Resources Program of the National Wildlife Federation.

Birnbaum has been an officer and member of numerous boards and commissions, including the National Capital Section of the American Water Resources Association; Arlington County Environment and Energy Conservation Commission; and the Environment, Energy and Natural Resources Section of the District of Columbia Bar.

Birnbaum received her Juris Doctor degree from Harvard University in 1984 and her A.B. degree, magna cum laude, from Brown University in 1979. She was Editor in Chief of the Harvard Environmental Law Review, Vol. 8.

Wind and wave energy need a push

Daily Astorian, June 25, 2009;

<http://www.dailyastorian.info/main.asp?SectionID=23&SubSectionID=392&ArticleID=62030&TM=68671.95>

It's hard to compete with cheap, government subsidized hydropower

Editorial

It's awfully hard to compete against the cheap, government subsidized electricity produced by the Pacific Northwest hydropower system.

This appears to be the emerging lesson of entre-preneurs looking offshore and at hilltops as areas to place wave and wind turbines. The (Aberdeen, Wash.) Daily World explored this conundrum in a story published Monday.

A smattering of energy schemes have come to light in both Oregon and Washington in the past couple years. Up to 10 wave energy projects have been proposed for the coast of Oregon, of which a project by Ocean Power Technologies in Reedsport is furthest along. Now, some of them are washed up.

Renewable energy advocate Burton Hamner envisioned 90 wind turbines and wave energy converters up and down the coast from Ocean Shores to Grayland, Wash., on the Pacific-Grays Harbor county line, according to the Daily World. Now, he says he'll be lucky to get even one 5-megawatt turbine up and running anytime soon.

The underlying problem, he told the audience at a public forum last Saturday, is that dirt-cheap hydropower makes it impossible for comparatively expensive alternative energy to compete, at least in the absence of low-interest municipal financing. Without such inexpensive borrowing, the return on investment just doesn't pencil out for anyone who might be able to provide the venture capital for wind and wave energy, Hamner said.

In addition, early enthusiasm among private parties who rushed to stake claims to promising sites for wave and tidal energy has receded as the federal government has started insisting that developers obtain leases from the Minerals Management Service before the Federal Energy Regulatory Commission will even consider granting licenses.

All this means that one of the most intriguing projects in our area is likely to remain hypothetical for quite some time. Natural Current LLC of New Bedford, Mass., received a preliminary permit a couple years ago to construct wave energy devices at Wash Away Beach near Tokeland in north Pacific County at the mouth of Willapa Bay. But the permit has lapsed without action.

Hydropower has been a tremendous boon in many ways. Few who live in our region would want to sign up for significantly more expensive power. But it bears remembering that "cheap" is in the eye of the beholder. A great many hidden costs are buried in our hydro system, from lost salmon runs to slow-to-digest federal pork spending.

Just as we once decided to absorb the enormous costs of damming the Columbia in the interest of long-term economic independence, coastal towns and counties may now find it in the best interests to help advance these alternative energy proposals. In due course, any that do so may have cause to be thankful for having a few dependable power turbines churning out enough clean electricity to supply the needs of local residents.

Private wind and wave energy is still worth pursuing, but we may need to give it a push.

Former advocacy-group attorney, Hill staffer to lead MMS

E&E News PM, June 25, 2009; <http://www.eenews.net/eenewspm/2009/06/25/4>

Katie Howell

Interior Secretary Ken Salazar appointed an attorney who specializes in energy and environmental issues to lead the Minerals Management Service.

Liz Birnbaum will take the reins of the agency with responsibility for oil-and-gas resources on billions of acres of public land and an offshore.

A graduate of Brown University and Harvard Law School, Birnbaum comes to MMS after serving as staff director of the House Administration Committee. Before that, she was vice president for government affairs and general counsel for the advocacy group American Rivers.

She has also worked as associate solicitor for mineral resources at Interior and as a counsel for the House Natural Resources Committee and the National Wildlife Federation. As an Interior official, Birnbaum developed regulations for and litigated minerals issues for MMS, the Bureau of Land Management and the Office of Surface Mining and Reclamation.

Salazar issued a statement praising Birnbaum's "in-depth knowledge of energy issues, natural resource policy and environmental law as well as her managerial expertise and work in coalition building."

MMS has been rocked in recent years by controversies, including a sex-and-drug scandal at the royalty-in-kind program. Investigators found 19 program employees socialized with and received gifts and gratuities from oil-and-gas companies that the agency did business with.

Environmentalists said Birnbaum would help rebuild MMS after the scandal.

"We can't really imagine a person more suited to this job by virtue of her intelligence and professional standards and experience," said Mike Gravitz, oceans advocate for Environment America. "We believe Ms. Birnbaum will be a thoughtful steward of the nation's mineral resources and restore integrity and fairness to an agency which has been plagued by scandals in recent years."

An American Petroleum Institute spokeswoman said the industry was looking forward to working with Birnbaum.

'I know it's going to be a close vote' – Obama

E&E News PM, June 25, 2009; <http://www.eenews.net/eenewspm/2009/06/25/1>

Darren Samuelsohn

President Obama and House Democrats are bracing for a razor-thin vote tomorrow or Saturday on comprehensive energy and global warming legislation as they scramble to find enough supporters to pass the measure.

"I can't stress enough the importance of this vote," Obama said today during a Rose Garden speech on the bill. "I know it's going to be a close vote, partially because of the misinformation that's out there that suggests there's somehow a contradiction between investing in clean energy and our economic growth."

Obama, making his second public appeal in three days, stressed the bill would help create jobs on both coasts and in the industrial Midwest. He also presented the legislation as a launching pad to transition into a more "green" U.S. economy.

"We've seen other countries realize a critical truth," Obama said. "The nation that leads the creation of a clean energy economy will be the nation that leads the 21st century global economy. Now is the time for the United States to realize this as well. Now is the time for us to lead."

Several administration officials are actively working the climate bill vote in private, including White House chief of staff Rahm Emanuel and the president's top political and energy advisers, David Axelrod and Carol Browner. Both lobbied for the legislation on Capitol Hill today, the tail end of a months-long pitch for the first-ever House vote on a bill that sets up a mandatory cap-and-trade program.

House Democratic leaders are planning to begin the floor vote tomorrow, though an exact time remains unclear. As of press time, the powerful Rules Committee was just starting to sift through 221 proposed amendments, including 135 from Republicans and 86 from Democrats, that lawmakers hope to offer on the floor.

Most likely, Rules Committee Chairwoman Louis Slaughter (D-N.Y.) will limit the number of amendments to be brought up on the floor, but exactly how many remains unclear.

The list ranges from the broad, like Rep. Joe Barton's (R-Texas) plan to strike the entire emissions cap, to highly targeted amendments aimed at tweaking various programs, and everything in between. For instance, Rep. Bart Stupak (D-Mich.) has an amendment that would ensure independent iron ore operations are among the businesses that could receive emissions allowances provided for trade-sensitive industries.

The amendments include Rep. Jay Inslee's (D-Wash.) plan that would give the Federal Energy Regulatory Commission so-called backstop authority to site interstate power lines in the West when states do not act. Supporters of providing FERC this authority say new transmission is badly needed to help accommodate new renewable energy generation.

Rep. Peter DeFazio (D-Ore.), a critic of the climate bill, is dangling two amendments that he said could appease his concerns and help win his vote on the floor. DeFazio wants to allow only regulated traders to engage in an expected multitrillion dollar U.S. carbon market with a prohibition on financial institutions from Wall Street and

beyond. He also wants to ban all offsets that would pay landowners outside U.S. borders to conduct environmentally friendly projects.

Both ideas likely would unravel critical pieces of the underlying legislation, but DeFazio said that is his price. "Yeah, it probably would," DeFazio said. But they did deals over there to get votes. If they want to get votes in the other direction, they've got to deal in other ways."

House whip count

According to an E&E analysis of the floor debate, Democrats remain about 35 votes short of the 218 needed to pass the climate legislation. Fence-sitters include dozens of Republicans and a number of Midwestern and Southern Democrats, as well as many lawmakers who were first elected to the House in 2006 and 2008.

"They're not there yet," said Rep. Fred Upton (R-Mich.), the ranking member of the Energy and Environment Subcommittee that helped write the underlying bill.

Democratic sponsors of the legislation insist their whip efforts would pay off. "I think we'll get there, but it's just a one-on-one process at this point," said Rep. Rick Boucher (D-Va.).

Agriculture Chairman Collin Peterson (D-Minn.), who helped negotiate key agreements earlier this week on behalf of farm state lawmakers, said he has helped bring about 20 to 25 Democrats votes along for the legislation, including as many as 16 members of his panel. "We had one before," Peterson said.

But Peterson said he has largely exhausted his potential whip list. "I've about done what I can," he said.

Rep. Kathy Dahlkemper (D-Pa.), a member of the Agriculture Committee, remains one of the fence-sitters. "Everybody's still asking me," she said, citing outreach from Browner and Speaker Nancy Pelosi (D-Calif.). "I'm still going through it."

Dahlkemper, a freshman from Erie, said the economic implications of the legislation stands out for her in a region that has long suffered financially, in particular because of Chinese steel imports.

"I really have to weigh the job situation," Dahlkemper added. "That's the thing. It's really about jobs in my area. It has been for a long time."

Some Democrats are moving into the "yes" column, including Reps. Edolphus Towns of New York, Dale Kildee of Michigan and Jim Cooper of Tennessee.

"The only perfect bill was written on Mount Sinai," Kildee said. "Even Moses had to go back twice. I think there was a motion to recommit."

House Dems limit amendments to Interior-EPA spending bill

E&E Daily, June 25, 2009; <http://www.eenews.net/EEDaily/2009/06/25/4/>

Noelle Straub and Robin Bravender

House Democrats yesterday decided to allow votes on 13 of the 105 amendments submitted for the spending bill that funds environmental agencies, prompting cries of foul play from Republicans.

The Rules Committee last night approved a resolution governing debate on the House floor, which is expected as soon as today, for the \$32.3 billion fiscal 2010 appropriations bill to fund the Interior Department, U.S. EPA and Forest Service.

The limited number of amendments continues a practice begun last week when Democrats allowed 33 amendments to the Commerce, Justice, Science spending bill out of the more than 100 filed by Republicans.

While appropriations bills often come to the floor under an "open rule" that allows for nearly unlimited amendments, Democrats sought the structured rule because the large number of amendments could have stretched out debate for days. Republicans on the Rules panel requested an open rule and suggested that the chairman and ranking

member of the Interior Appropriations Subcommittee should be able to work out a deal between themselves on how many amendments to offer.

"Let's just try to do what's been done through the history of the Republic," said Rules Committee ranking member David Dreier (R-Calif.). "We're going to continue to fight until we get back to that open amendment process."

But Rules Chairwoman Louise Slaughter (D-N.Y.) said Democratic leaders made a "generous offer" to Republicans months ago to come to an agreement about amendments but were rebuffed. She said Republicans continue to refuse to cooperate, citing the rare eight-hour non-stop voting session they forced last week in frustration over the limited amendments on the CJS bill as proof that "nothing's really going to change."

Assuming the rule is approved, two of the amendments that will be voted on by the full House would reduce the bill's spending, including a measure from Rep. Jim Jordan (R-Ohio) to eliminate \$5.75 billion -- returning to 2008 spending levels -- and one from Rep. Cliff Stearns (R-Fla.) to decrease EPA funding by 38 percent to 2009 levels. Both measures are expected to fail.

A manager's amendment from Interior Appropriations Subcommittee Chairman Norm Dicks (D-Wash.) includes provisions to allow abandoned mine land funding to be used for the non-federal share of projects to repair acid mine drainage from coal mines; increase funding for the Saving America's Treasures Account by taking money from the National Park Service construction account; and increase funding for the Land and Water Conservation Fund Stateside program by \$10 million, which would come out of Interior's working capital fund.

The House will also vote on amendments to prohibit recreation grants from the Land and Water Conservation Fund from being used to acquire land in state or local parks; provide \$25 million for Forest Service drug enforcement efforts; and provide \$2.5 million for forest health and community wildfire protection under the Healthy Forest Restoration Act, among other measures.

EPA, climate amendments left behind

Democrats jettisoned several amendments that would have limited EPA's ability to regulate greenhouse gases under the Clean Air Act. None of the 13 amendments allowed to go to the floor addressed climate regulations.

An amendment from Rep. Phil Roe (R-Tenn.) would have blocked EPA from using funds to implement, administer or enforce its proposed "endangerment" finding, which would determine that greenhouse gases threaten public health and welfare.

Another measure put forth by Rep. Steve King (R-Iowa) would have prevented EPA from using funds to implement any rule requiring the mandatory reporting of greenhouse gas emissions. The House Appropriations Committee adopted an amendment to the bill last week from Rep. Tom Latham (R-Iowa) that would prevent funding for any rule that requires mandatory reporting of greenhouse gases from manure management systems at large factory farms (E&E Daily, June 19).

Democrats also discarded two measures from Rep. Jerry Lewis (R-Calif.), ranking member of the Appropriations Committee, to limit EPA's scope on climate regulations. One measure would have prohibited the agency from making changes to its greenhouse gas regulations; the other would have reduced the bill's funding for climate change to the fiscal 2009 enacted level.

Other amendments Democrats rejected include one to reinstate commercial oil shale regulations put in place months before the Bush administration left office, which Interior Secretary Ken Salazar has put under review, and a proposal from Rep. Devin Nunes (R-Calif.) to eliminate funding for a federal biological opinion that calls for curtailing irrigation in California's Central Valley to protect fish.

Nunes said without the measure "absolute chaos" could break out in the valley, but Rules Committee member Dennis Cardoza (D-Calif.) said Salazar will visit the area Sunday and is taking steps to resolve the issue.

Rep. Lee Terry (R-Neb.) withdrew an amendment that would prevent EPA from considering the effects of "indirect" land-use changes when calculating biofuels emissions. Terry said he was satisfied by a similar provision that was included in the House energy and climate change bill.

House cap-and-trade bill may beat Senate energy measure to floor

Oil and Gas Journal, June 24, 2009; <http://www.ogj.com/index/article-display/1710319955/s-articles/s-oil-gas-journal/s-general-interest/s-government/s-articles/s-house-cap-and-trade.html>

Nick Snow

WASHINGTON, DC, June 24 -- US House and Senate committees have approved major energy bills in recent weeks. The House measure, which would create a domestic cap-and-trade system to address global warming, apparently will beat the Senate's broader bill to the floor, but both bills face major opposition.

US President Barack Obama urged Congress to pass HR 2454 in his June 23 press conference. "This legislation will spark a clean energy transformation that will reduce our dependence on foreign oil and confront the carbon pollution that threatens our planet," he said.

The bill, which the House Energy and Commerce Committee approved by 33 to 25 votes on May 20, falls short of what the Obama administration requested. Its cap-and-trade program would include allowances to help affected industries adjust initially instead of a more direct carbon credit auction.

But the measure, which was cosponsored by Henry A. Waxman (D-Calif.), the Energy and Commerce Committee's chairman, and Edward J. Markey (D-Mass.), who chairs the committee's Energy and Environment Subcommittee, still has White House support. It should reach the House floor by June 26, a spokesman for House Speaker Nancy Pelosi (D-Calif.) said on June 22.

"At a time of great fiscal challenges, this legislation is paid for by the polluters who currently emit the dangerous carbon emissions that contaminate the water we drink and pollute the air that we breathe. It also provides assistances to businesses and communities as they make the gradual transition to clean energy technologies," Obama said.

'National energy tax'

House Republicans continued to oppose the measure. "It is unfortunate, at a time when millions of Americans are struggling in today's economy, that the president would continue to support a national energy tax that will ship millions of American jobs overseas and force Americans to pay energy costs that he has acknowledged will 'skyrocket,'" Minority Leader John A. Boehner (R-Ohio) said following Obama's press conference.

"The House GOP's 'all of the above' energy plan will create more jobs, lower energy costs, and clean up our air and water," Boehner maintained.

Several groups said they oppose HR 2454 in its present form. American Solutions, a citizens' action group which has former House Speaker Newt Gingrich as its general chairman, said on June 22 it has launched a new national television commercial that calls attention to what it considers devastating economic costs under the bill. The American Petroleum Institute also said it opposes HR 2454 "as it appears that time has run out to fix the proposal's many flaws."

Meanwhile, environmental organization Friends of the Earth said on June 23 that it is launching its own advertising campaign against the bill. "Corporate polluters include Shell [Oil Co.] and Duke Energy helped write this bill, and the result is that we're left with legislation that fails to come anywhere close to solving this climate crisis," said Brent Blackwelder, the group's president. "Worse, the bill eliminates preexisting [US Environmental Protection Agency] authority to address global warming. That means it's actually a step backward."

Waxman, Markey, and other supporters of the bill also have been talking with moderate House Democrats who have said that HR 2454 may be too ambitious in its approach to regulate commodity as well as carbon markets. The May 20 committee vote was almost completely along party lines. A June 17 vote on the broader Senate energy bill in the Energy and Natural Resources Committee was more bipartisan.

Offshore provision

That bill could run into serious opposition once it reaches the floor later this summer, however. "The offshore issue will be back in the news because the current bill has language which would have drilling in the Destin area 10 miles offshore Florida. At least one Florida senator is upset about this and could filibuster the bill," US Sen. Maria E. Cantwell (D-Wash.) said on June 22.

A spokeswoman for Sen. Bill Nelson (D-Fla.) confirmed to OGJ on June 23 that Nelson is unhappy with that provision and is considering a filibuster.

Environmental organizations also have blasted the provision to open more acreage in the eastern Gulf of Mexico. Sierra Club Executive Director Carl Pope said following the committee's approval of the bill on June 17 that committee chairman Jeff Bingaman (D-NM) had previously struck a reasonable balance on offshore drilling. "Regrettably, this approach was discarded in favor of an aggressive drilling plan that will put our coasts at risk, feed our addiction to oil, and do nothing to help build the clean energy economy, all the while benefiting Big Oil," Pope said.

Oil and gas industry associations applauded the provision but remained generally silent about other portions of the Senate bill, which could have substantially impacts on their members' operations. There are strong indications that lobbyists are quietly working for changes in those elements of the legislation.

Cantwell and other participants in a June 22 forum on administration and congressional energy and reform initiatives sponsored by Shell and Newsweek said that the White House probably will concentrate more on health care and leave energy matters to Congress for the time being. But they also said that the president eventually will have to mobilize public support for energy reforms more strongly than he has.

"Just as he is framing health care on costs, he's going to have to assure people that they're not going to be gouged in the short term on their way to this green, glorious energy future," observed Eleanor Clift, one of the magazine's Washington-based contributing editors.

Markey Looks To Past Models For Energy Push

National Journal, June 24, 2009; http://www.nationaljournal.com/njonline/no_20090624_8961.php

Climate Bill Co-Sponsor Sees Precedent For New Legislation In His 1996 Telecom Act

by Zack Hale

House Democrats would seem to have few models to follow in crafting their massive energy and climate change bill, but Rep. Edward Markey, who has played a key role in crafting the legislation, says he's seen its like before.

In a conversation with Atlantic Media Political Director Ronald Brownstein on Tuesday, the Massachusetts Democrat drew parallels between what promises to be a historic energy bill and the revolutionary telecommunications act he spearheaded in 1996.

Markey, who is chairman of the House Select Committee on Energy Independence and Global Warming, likened policies designed to foster innovation in the renewable energy industry to measures that spurred the growth of the telecom industry in the mid-'90s, noting that prior to the act, not a single home in the U.S. had broadband Internet access.

"Ten years later, there was a whole new vocabulary in the United States and in the whole world: Google, eBay, YouTube, Amazon, Hulu -- thousands of companies, millions of jobs, none of which existed in February of 1996," Markey said. "I think the same thing is going to happen in this renewable sector."

One of the bill's principal goals is to create a national marketplace for renewable energy by introducing a cap-and-trade system for carbon emissions, but it also includes fuel economy standards for automakers, funds for research and development, and incentives designed to foster innovation in the new energy industry.

Over the course of their conversation, Markey and Brownstein sought to work through the various provisions -- and implications -- of the 1,201-page bill Markey co-sponsored with Energy and Commerce Committee Chairman Henry Waxman, D-Calif., which the two expect to bring to the House floor on Friday. Markey made his comments at a National Journal Group policy breakfast.

The dense and far-reaching bill has raised fears that it would be too cumbersome to steer through a committee. But momentum has continued to build behind it, thanks in large part to the sizable compromises made by energy companies, labor unions and environmentalists to move the bill forward.

Addressing these concessions, Brownstein asked Markey which sacrifices had been hardest for him personally. "I have not felt from the beginning uncomfortable about any of the decisions we have made that have ensured consumers are protected, that vulnerable industries are protected, because ultimately that's the fairest way in which to construct the legislation," Markey said.

Markey said he pursued a similar strategy in 1996 by working with cable, telephone, satellite and computer companies to ensure due consideration was given to the businesses affected by the legislation.

But the pending energy bill's central mission is far more pressing: warding off global warming.

Brownstein noted that one of the bill's most-criticized provisions is the renewable portfolio standards it sets for utilities, which require energy companies to produce a certain share of their power from alternative sources. The bill's current requirements -- as high as 20 percent and as low as 12 percent, depending on state governors' certifications -- may not be sufficient to drive the development of renewable energy industries or curb global warming, environmentalists worry.

But Markey shrugged off these concerns, pointing out that many environmentalists were thrilled when the House set a 15 percent standard two years ago. (The standards were not included in the Senate's version of the 2007 energy bill and did not make it through the conference committee.)

Over the course of the breakfast, Markey and Brownstein also discussed the effect that passing an energy and climate change bill would have on countries like China and India, and the impact it could have on international climate negotiations like the upcoming talks in Copenhagen.

Markey said the primary stumbling block in the way of delivering an energy bill to President Obama's desk will be dispatching the misrepresentations made about the economic impact of the legislation.

"We have done an excellent job in ensuring that the economic impact is minimal, but that will not stop our opponents from using erroneous information... to create knowingly erroneous premises for congressmen to be making this decision," Markey said. "We will have to work very hard to ensure that it's only the facts they're dealing with."

Senator Landrieu: Share oil and gas revenue with coastal states

All American Patriots, June 24, 2009; <http://www.allamericanpatriots.com/48754049-senator-landrieu-share-oil-and-gas-revenue-with-coastal-states>

Mary L. Landrieu, D-LA

Last summer, Americans were reeling from the largest oil price spike the nation ever experienced. Oil prices had increased from \$51 per barrel in January 2007 to nearly \$150 in July 2008 — a nearly 200 percent increase in 18 months.

Skyrocketing energy prices led millions of hardworking families to demand that Congress change our policies to allow for more domestic oil and gas production. Americans from coast to coast were ready to cut ties with unfriendly foreign governments and produce our own energy right here at home.

Although still woefully behind the desires of our constituents, Congress is now recognizing the need for more domestic production. The Senate took a half step forward earlier this month when the Energy and Natural Resources Committee voted to open a significant portion of the eastern Gulf of Mexico to oil and gas drilling, including the natural-gas-rich Destin Dome. However, the committee did not approve a critical component to achieving energy security for America: revenue sharing.

Coastal states bear a disproportionate share of the responsibilities and risks associated with offshore drilling. Oil and gas wells in our Outer Continental Shelf are major industrial facilities that require substantial onshore infrastructure. These facilities are served by pipelines that traverse the seabed and coastline. Additional production necessitates new refineries, processing facilities and truck and rail traffic to onshore staging areas — all of which have a significant footprint.

To manage and mitigate the environmental impact of these activities, states that host onshore energy production on federal land within their borders have been receiving 50 percent of the revenues since the 1920s. By sharp contrast, coastal states have not benefitted from a similar partnership structure for OCS drilling.

In 2006, then-Energy Chairman Pete Domenici (R-N.M.) and I worked to remedy this inequality. Together we authored landmark legislation that opened more than 8 million acres in the Gulf of Mexico to drilling and provided a common-sense framework to share 37.5 percent of the revenues with the four energy-producing states: Louisiana, Mississippi, Texas and Alabama. An additional 12.5 percent was directed to the state side of the Land and Water Conservation Fund, which funds parks, bike trails, green space and outdoor recreation areas in all 50 states.

The United States will require increased and reliable supplies of oil and natural gas for the foreseeable future even as we aggressively transition to alternative energy sources. To build that "energy bridge," the federal government should establish a partnership for production with coastal states such as Florida, North Carolina, Virginia and others. The current system of sending 100 percent of its offshore revenue to the federal treasury ignores the contributions of host states and is a significant disincentive for these states to undertake new offshore production.

The eastern Gulf of Mexico and the East Coast have been leased before. But despite substantial finds, leases were never brought to production because coastal states can stall or halt offshore production. More than 81 exploratory wells have been drilled in the eastern Gulf. Natural gas, condensate and crude oil discoveries were found in 13.

In 1995, the Destin Dome was discovered and is now known to contain 3 trillion cubic feet of dry natural gas. Yet Florida has blocked federally approved lease and exploration plans. Had revenue sharing been a part of the bargain, Floridians would have faced a choice involving rewards and not just risks. Given Florida's current \$6 billion budget deficit, such a choice would be starker today.

The solution is straightforward: Congress must rally the political will to extend the Domenici-Landrieu model of revenue sharing to Florida and other coastal states that step up and provide our nation with energy resources.

Along with generating additional energy supplies and revenue for coastal states, my plan directs a funding stream to the federal treasury for deficit reduction. Some claim that if new oil and gas revenues are shared with the states, Congress is "diverting" funds that would otherwise go to the federal treasury.

These critics miss the point: Without revenue sharing, there is unlikely to be any new offshore drilling. My plan offers the federal government 50 percent of something, which is better than 100 percent of nothing.

The tide is turning in Florida and other coastal states. The state House in Florida recently approved the reversal of the state's 19-year-old ban on offshore drilling by a vote of 70-43. With gasoline prices on the rise again, Americans' cry for affordable energy will grow even louder in the coming months.

To answer this call, Democrats and Republicans in Congress need to work together to develop an energy policy that allows for more, not less, offshore drilling and incentivizes coastal states to have a stake in our future energy security. This progressive approach will set America's path to energy independence and create thousands of good-paying jobs to strengthen our economy.

Wind energy race on as feds grant first offshore leases

The Bellingham Herald, June 23, 2009; <http://www.bellinghamherald.com/inauguration/story/961957.html>

Renee Schoof

WASHINGTON — The federal government on Tuesday issued its first exploratory leases for wind energy projects on the Outer Continental Shelf, the first step of what could be a race to harness the powerful Atlantic winds not far from major population centers on the East Coast.

The leases will allow wind companies to build testing stations on federal land off the New Jersey and Delaware coasts. Research already has shown that the Northeast has relatively shallow water and few strong hurricanes, which make it a good candidate for existing offshore wind technology.

The U.S. so far produces no electricity from offshore winds, putting it far behind the United Kingdom, Denmark and other northern European countries that have been developing offshore wind for nearly 20 years.

"We are entering a new day for energy production in the United States — a time of clean energy from renewable domestic sources on our Outer Continental Shelf," Secretary of Interior Ken Salazar said in a statement.

"Other nations have been using offshore wind energy for more than a decade," Salazar said. "We made the development of offshore wind energy a top priority for Interior. The technology is proven, effective and available and can create new jobs for Americans while reducing our expensive and dangerous dependence on foreign oil."

Britain, Denmark, the Netherlands and Sweden are the world's largest producers of electricity from offshore winds.

The exploratory leases would allow wind companies to measure wind speed and intensity and other factors from towers built six to 18 miles offshore. The next steps would be to apply for a permit for a test turbine, and then there would be more government reviews before they could construct turbines, a process that could take several years or more, said Interior spokesman Frank Quimby.

The leases went to Bluewater Wind New Jersey Energy; Fishermen's Energy of New Jersey; Deepwater Wind and Bluewater Wind Delaware.

Willett Kempton, a professor at the University of Delaware College of Earth, Ocean and Environment, lead a study in 2007 that examined the wind potential from North Carolina to Massachusetts.

The study, which appeared in Geophysical Research Letters, found that if wind was tapped offshore with turbines in water up to 100 meters (330 feet) deep, which is just within technological reach, the coastal states would produce enough electricity to satisfy all electrical needs, power all light vehicles and replace heating fuel for all buildings.

According to Kempton, Delaware's average offshore winds have the potential to power between 1.2 million to 1.5 million homes.

Kempton said the leases Salazar announced were "the first concrete step of the development of what I believe will be a very large industry in the Northeast initially and then around the coastal regions of the country."

Texas, already the No. 1 wind state, has been working since 2005 to be the first state with offshore wind as well. Texas waters extend seven miles offshore, unlike the three-mile limit in other states. The state granted five exploratory leases in 2005 to a Louisiana company, Wind Energy Systems Technology, which built a scientific measurements tower seven miles off Galveston. As yet, not electric production has begun.

Kempton said that existing technology doesn't allow for turbines that could withstand Category 5 hurricanes because it was developed in Denmark, where they're not an issue, but such turbines could be built, he said. "It's not that hard to engineer."

Cape Wind, a wind farm planned off Cape Cod, Mass., is still under review by the Minerals Management Service of the Interior Department.

NOIA Applauds Issuance of Exploratory Offshore Wind Leases

PR Newswire, June 23, 2009;

<http://news.prnewswire.com/DisplayReleaseContent.aspx?ACCT=104&STORY=/www/story/06-23-2009/0005049080&EDATE=>

WASHINGTON, June 23 /PRNewswire-USNewswire/ -- The National Ocean Industries Association (NOIA) applauds the Department of the Interior for today issuing five exploratory leases for offshore wind development on the Outer Continental Shelf (OCS) offshore New Jersey and Delaware.

"The leases announced today are a step in the right direction toward a modern national energy program, that will include both traditional and renewable offshore energy sources in areas of the OCS where they make sense," said NOIA president Tom Fry.

"The vast energy resources on the OCS, including offshore wind, are vital to the nation's economic prosperity. These projects will result in a better understanding of offshore wind resources off the Atlantic Coast, and once producing, will provide clean, renewable offshore energy and well-paying jobs for Americans," Fry said.

NOIA and its member companies continue to support an "all-of-the-above" national energy program. NOIA is proud to have member companies that will be producing renewable energy on the OCS in the near future.

NOIA is the only national trade association representing all segments of the offshore industry with an interest in the exploration and production of both traditional and renewable energy resources on the nation's outer continental shelf. The NOIA membership comprises more than 300 companies engaged in business activities ranging from producing to drilling, engineering to marine and air transport, offshore construction to equipment manufacture and supply, telecommunications to finance and insurance.

Obama Lauds Energy Bill Before It Reaches House Floor

CQ, June 23, 2009; <http://www.cqpolitics.com/wmspage.cfm?docID=news-000003150987>

By Coral Davenport

As the House prepares to take up a global warming bill later this week, President Obama weighed in Tuesday with an endorsement of what he called "historic" legislation that will "transform the way we produce and use energy in this country."

"It's a bill that will open the door to a better future for this nation," Obama said.

The president's comments at a news conference were part of an intense lobbying push by the White House and interest groups to win over wavering House Democrats from agricultural and industrial states, who are likely to decide the fate of the bill.

The legislation (HR 2454) would cap emissions of gases that contribute to global warming and create a system for polluters to buy and share emissions allowances. Obama said the bill would establish incentives to spur the development of clean-energy production and create jobs.

"The nation that leads in the creation of a clean-energy economy will be the nation that leads the 21st-century economy," he said.

Lawmakers from states that rely on burning coal to produce electricity are concerned that the bill could drive up energy prices and lead to job losses, while agriculture-state Democrats are looking for concessions that would benefit farmers.

Although global warming is a top legislative priority for the White House, Obama has left it to congressional negotiators to put together a bill. But with a floor vote expected on June 26, the administration is stepping up its lobbying efforts.

The White House is deploying staff across the country and on Capitol Hill to press for the bill. Administration officials are set to travel to several states this week to sell state and local officials on the job-creation elements of the bill.

Democrats say the measure has potential to create around 700,000 "green" jobs in manufacturing low-carbon and renewable-energy technology. On the Hill, Obama's energy and climate coordinator, Carol M. Browner, will meet at length with swing-vote House members and their aides.

In his comments, Obama praised chief sponsor Henry A. Waxman, D-Calif., other Energy and Commerce members and Speaker Nancy Pelosi, D-Calif., for moving the bill promptly.

But he also singled out Agriculture Chairman Collin C. Peterson, D-Minn., and Ways and Means Chairman Charles B. Rangel, D-N.Y., who have raised objections that have slowed the bill's momentum. Still, Obama praised their "contributions" to the bill.

Interest Groups Chime In

Also stepping up their lobbying are interest groups supporting the legislation, such as the Blue-Green Alliance, which represents labor and environmental organizations including the Sierra Club, the United Steelworkers, the Communications Workers of America, the Natural Resources Defense Council, the Laborers' International Union of

North America and the Service Employees International Union. The unions are pushing for the bill based on its potential to create manufacturing jobs.

In advance of the vote to report the bill out of the Energy and Commerce Committee, members of the alliance lobbied Bart Stupak of Michigan, Zack Space of Ohio and other industrial-state Democrats on the panel. They are now focusing their attention on undecided Democrats.

Lee Guisse, a Steelworkers member employed at a plant in Ohio, said she had come to Washington to meet with her own congressman, Democrat John Boccieri. She planned to present him with a packet of 350 signatures from fellow steelworkers supporting the bill, wrapped with a bow made of a hay-like twine, a nod to Boccieri's position on the Agriculture Committee.

"He's having a hard time with it, just as Zack was," Guisse said. "We need him to know we're all right with it. Our titanium plant makes components for windmills. We work with steel plants that make bearings for windmills. This will mean jobs for us."

Offshore wind projects get data-gathering leases

Greenwire, June 23, 2009; <http://www.eenews.net/Greenwire/2009/06/23/2>

Ben Geman

The Interior Department today issued first-time "exploratory" leases for wind projects off New Jersey and Delaware, allowing developers to locate data-gathering towers aimed at supporting planned commercial wind farms.

Interior announced four leases for areas ranging from 6 to 18 miles offshore to Bluewater Wind New Jersey Energy LLC; Fishermen's Energy of New Jersey LLC; Deepwater Wind LLC; and Bluewater Wind Delaware LLC.

Interior Secretary Ken Salazar, proclaiming a "major first step" toward harnessing offshore wind power, announced the leases today in Atlantic City, alongside New Jersey Gov. Jon Corzine (D).

Salazar is one of several Obama administration officials dispatched to highlight President Obama's energy agenda, which Obama himself is expected to address in an early-afternoon news conference.

The administration events include Energy Secretary Steven Chu announcing \$8 billion in loans to help the auto industry make advanced, efficient vehicles (see related story). Democrats are also seeking to build support for a sweeping energy and climate bill expected on the House floor later this week.

The wind announcement is one of several recent federal steps on offshore renewable energy. They include resolution of a dispute between Interior's Minerals Management Service and the Federal Energy Regulatory Commission over the agencies' roles in regulating development of various offshore renewable energies.

In April, MMS completed final rules on commercial offshore renewable-energy leasing -- policies that must be in place for the developers with the newly issued exploratory leases to construct wind farms in the federal waters.

The exploratory leases are being issued under a Bush-era policy aimed at allowing preliminary work on offshore alternative energy projects while commercial leasing rules were crafted.

"That is a critical first step for any wind project, to be able to measure the wind resource, and I think the efforts to get the rule out and to do the MOU [memorandum of understanding] between FERC and MMS really did lay the ground work for this action," said Laurie Jodziewicz, manager of siting policy for the American Wind Energy Association.

The meteorological towers would collect data on wind speed, intensity and direction. Salazar said that if the projects come to commercial fruition, they would jointly provide 1,500 megawatts of power.

Bluewater Wind -- which is receiving leases off New Jersey and Delaware -- said it plans to begin survey work this summer, build the meteorological towers this winter and begin their ocean operation in the spring of 2010.

Salazar has touted the potential for wind energy along the Atlantic Coast to eventually supply large amounts of electric power (E&ENews PM, April 2).

'Clean energy week'

The White House has dubbed this week "Clean energy week" with events that will "highlight the president's commitment to passing comprehensive energy and climate legislation that will generate millions of jobs, break our dependence on foreign oil, reduce the threat of deadly pollution and restore America's role as a global leader in the clean energy industry."

Other scheduled events today:

Council on Environmental Quality Chairwoman Nancy Sutley appears in Charlottesville, Va., to discuss the city's loan program for energy-efficiency upgrades.

Transportation Secretary Ray LaHood and Federal Aviation Administration chief Randy Babbitt highlight various "green initiatives" in Oklahoma City.

U.S. EPA Administrator Lisa Jackson tours a smart growth development in Denver.

House Dems release 1,201-page cap-and-trade bill; floor debate Friday

E&E Daily, June 23, 2009; <http://www.eenews.net/EEDaily/2009/06/23/1/>

Darren Samuelsohn

House Democratic leaders late last night released a revamped, 1,201-page energy and global warming bill, clearing the way for floor debate Friday even though it remains uncertain if they will have the votes to pass it.

The House bill posted on the Rules Committee Web site has grown from the 946-page version adopted last month in the Energy and Commerce Committee. Sources on and off Capitol Hill said the bulk of the changes largely reflect requests from the eight other committees that also had jurisdiction over the bill, including the Ways and Means Committee and Science and Technology Committee.

Sponsors expect to draft a manager's amendment later this week that reflects additional deals reached among lawmakers, according to several House Democratic aides.

Perhaps the biggest modification in the new version involves language sought by the nation's rural electric cooperatives that gives the country's smallest power utilities a free 0.5 percent slice of the cap-and-trade program's valuable emission allowances.

Democrats are still not done wheeling and dealing as they gear up for a floor debate, with critical issues still unresolved on everything from biofuels to which federal agency -- U.S. EPA or the Agriculture Department -- will have lead oversight of the offset program that would pay for environmentally friendly land management practices.

Agriculture Chairman Collin Peterson (D-Minn.) has pressed for weeks to make the climate bill more farm-friendly on those issues, and his aides yesterday said there was still work to do. Peterson's reluctance has added to the pressure on Energy and Commerce Chairman Henry Waxman (D-Calif.), who wants to see the House adopt the climate bill before the start of the Fourth of July recess so that he can turn his full attention after the break to President Obama's health care reform plans.

Drew Hammill, a spokesman for House Speaker Nancy Pelosi (D-Calif.), said last night in a statement that negotiations are expected to continue on the climate bill this week.

"There are some issues still under discussion, but we are confident we can resolve them by the time the bill goes to the floor on Friday," Hammill said. "The speaker, Leader [Steny] Hoyer and Chairmen Waxman and Peterson have all agreed on this approach for moving this historic climate change and clean energy jobs bill."

Rules Chairwoman Louise Slaughter (D-N.Y.) has given members until Thursday morning to submit possible floor amendments to the climate bill.

Earlier this month, Slaughter said she was leaning toward limiting Republicans to up-or-down votes only on outright alternatives, rather than the dozens of point-by-point amendments that GOP lawmakers pressed for votes on during the Energy and Commerce Committee markup (E&ENews PM, June 4)

Rural electric co-ops, EPA biofuels rule

As for the Agriculture Committee, Democrats appear to have satisfied one of Peterson's top concerns dealing with the free allowances to rural electric cooperatives.

Waxman has agreed to the 0.5 percent of allocations for small electric utilities that have under 4 million megawatts of capacity, as well as a cap on free allowances going to merchant coal generators and other power companies to ensure they do not make any windfall profits.

Glenn English, a former Oklahoma Democratic congressman who now runs the National Rural Electric Cooperative Association, praised Peterson for his work on the House negotiations, adding: "We're not going to stand in the way of the passage of the bill."

Pelosi's aide did not say specifically which issues remains to be worked out. However, the bill text released last night does not appear to include further changes to the definitions of "renewable biomass" that applies to either the current national biofuels mandate, or the bill's proposed renewable electricity standard.

Waxman, as part of his effort to reach a deal in his committee, had eased certain limits on sources of biomass that can be harvested to make fuels or electricity under these programs. But Peterson and other farm state members have been seeking further changes.

Also, the bill as posted does not restrict EPA's authority to weigh "indirect" emissions from land-use changes when calculating the carbon footprint of biofuels. The issue is important because under a 2007 expansion of the renewable fuels standard, biofuels must have, to varying degrees, lower lifecycle greenhouse gas emissions than conventional fuels.

Peterson and other farm state members from both parties have savaged a recent EPA proposed rule to implement the RFS, claiming there is not enough science to support measuring these indirect emissions. Peterson has made this opposition a major plank of his fight against the climate bill.

The bill includes some changes from the version that was approved by the Energy and Commerce Committee. Lawmakers have removed a section that would have called for a multi-agency effort to study and seek to implement "marine spatial planning" as it related to offshore renewable energy development (E&E Daily, May 19).

Do they have the votes?

Even with the rural electric cooperatives not standing in the way of the climate bill, it is still far from clear if Pelosi and Waxman have all the votes to pass the legislation. Several Democrats have raised red flags about voting for a bill on the floor that comes with near unanimous GOP opposition, as well as no promise of success in the Senate.

Rep. Stephanie Herseth Sandlin (D-S.D.), a co-chair of the fiscally conservative House Blue Dog Coalition, said last week that a number of the group's members would be reluctant to support a climate bill if they were given less than a week to review it.

"The coalition is just not going to be ready to vote on this next week, particularly if we don't get language until Monday," she told E&E last week. "Because many will insist that we have a number of days to review the language ourselves, to have back and forth with our constituencies and stakeholder groups, to understand how the system with a significant manager's amendment will work. Yes, absolutely, we need to chew on this awhile."

It is also unclear just how much Obama will personally push for what many consider one of his signature domestic agenda items, especially with public attention so heavily focused on health care. Obama did bring the Energy and Commerce Committee's Democrats to the White House last month before it approved the bill. He also phoned at least one reluctant committee member during the markup -- Rep. Mike Ross of Arkansas -- but did not sway his final vote.

Top White House aides tried to broker an agreement last week between Waxman and Peterson, and several Cabinet officials are scheduled to fan out across the country this week for events to highlight the House legislation.

Waxman last week predicted floor passage this week as Democrats begin to more aggressively court votes.

"We'd have to pin people down, go through a whip count and talk to people who have not indicated their support for the bill at this point," Waxman said. "But I think we would have the votes, yes."

Senate energy bill's key elements go beyond eastern Gulf of Mexico

PennEnergy, June 22, 2009; http://www.pennenergy.com/index/articles/display/8039509114/s-articles/s-oil-gas-journal/s-weekly-washington-update/s-analysis/s-senate-energy_bill.html

Nick Snow

Oil and gas trade associations applauded the bill which emerged from the US Senate Energy and Natural Resources Committee on June 17 because it would open parts of the eastern Gulf of Mexico for leasing and development. But the measure contained several other elements which would directly affect the industry.

These included establishing a 30 million bbl refined products stockpile within the Strategic Petroleum Reserve; requiring an inventory of marine resources off the US coast, including seismic surveys on the Outer Continental Shelf; increasing federal guarantees for constructing a natural gas pipeline from Alaska to \$30 billion; requiring Senate confirmation of nominees to be US Minerals Management Service director, and repealing offshore royalty and other incentives in the 2005 Energy Policy Act.

It also would extend pilot offices for processing oil and gas development permits by five years through 2020, and require the US Interior secretary to establish a regional joint OCS lease and permit processing office for the Alaska region. It also includes a provision clarifying that Section 526 in the 2007 Energy Independence and Security Act does not mean that US refiners can't buy crude oil produced from Canadian oil sands.

The bill also proposed energy commodity market reforms. It would direct the US Energy Information Administration to collect new data identifying all physical petroleum holdings of the 50 largest oil traders, as determined by the US Commodity Futures Trading Commission. It would create a financial market analysis office within EIA. And it would establish an energy markets working group, which would be required to report to Congress its assessment of factors influencing oil prices and its regulatory recommendations to make markets function more smoothly.

Another section would give the Federal Energy Regulatory Commission cease-and-desist authority, similar to power that the US Securities and Exchange Commission and the CFTC already hold, to stop improper market behavior as soon as it is detected. FERC also would gain authority to stop dissipation of assets so that actors found guilty of market manipulation could not dodge fines by moving assets to other parts of their businesses that are out of regulatory reach.

How it developed

The committee's leaders set out to make the bill comprehensive. It was based on six major bills, all with bipartisan sponsorship, and five other measures introduced earlier in 2009. Provisions were developed in 39 bipartisan staff briefings, 20 formal hearings, and 12 open business meetings, according to the committee's majority staff. As the bill was prepared, 100 amendments were considered and adopted, most on a bipartisan basis and many unanimously, they added.

Majority leader Jeff Bingaman (D-NM) and other committee Democrats generally emphasized the bill's provisions dealing with alternative and renewable energy technologies, national electricity transmission grid improvements, energy and water efficiency, research and development, and carbon capture and sequestration. "Getting America running on clean energy has been a key goal of this markup," Bingaman said following the June 17 vote. "This bill will help shift our country to cleaner sources of energy, and more secure sources as well. The bipartisan, substantive, and forward-looking approaches to energy found in this bill will move America toward the clean jobs and economic growth we need."

Lisa Murkowski (R-Alas.), the committee's ranking minority member, also put a bipartisan face on the results. "Today, this committee reaches the end of a long and sometimes bumpy road toward reporting out energy legislation. Despite an uphill fight against Democrats' three-vote majority, we were able to include a number of provisions that we need to drive this country," she said. "While I support this bill in its present form, we simply must

do more to increase our domestic production and use of nuclear energy. I will continue to fight for those provisions on the Senate floor.”

This did not mean that negotiations weren't hard. Maria E. Cantwell (D-Wash.) submitted amendments on drilling requirements and discharge limits which the committee withdrew on June 15 after Murkowski said she would oppose the bill if they stayed in. Some Republicans on the committee voted against it anyway. “Quite simply, this bill rejects American energy. It allows foreign oil and energy producers to continue their grip on our country,” said John A. Barrasso (Wyo.).

Three key amendments

But it was a Democrat, Byron L. Dorgan (ND), who proposed the amendment to expand federal leasing in the eastern Gulf of Mexico which the committee adopted by 13 to 10 votes on June 9. His proposal would leave in place a 45-mile buffer along Florida's coast as it opens offshore acreage including the Destin Dome, which he said was one of the nation's most promising new gas resources. An amendment offered by another Democrat, Mary L. Landrieu (La.), to allow affected coastal states to get a share of future federal oil and gas revenues from leasing and production off their shores failed by a similar margin. But the committee passed by voice vote the amendment by Sam Brownback (R-Kan.) that US refiners would not violate Section 526 of the 2007 Energy Independence and Security Act by buying crude oil produced from Canadian oil sands.

The presidents of three leading US oil and gas trade associations separately expressed their approval when the committee reported the bill out on June 17. Jack N. Gerard of the American Petroleum Institute said that it was a positive step which recognized the importance of additional offshore oil and gas and Canadian oil to US energy and economic security.

“The majority of Americans favor greater offshore development, and they recognize this development means more jobs, more government revenues and more domestic energy supplies,” he said. “As the bill moves forward to the full Senate, we hope a resolution can be found that will ensure that coastal states are compensated for hosting development off their shores because that production will benefit all Americans in terms of revenues, additional jobs, and greater domestic energy supplies.”

Barry Russell, of the Independent Petroleum Association of America, said that the committee's action “represented a major step forward in developing a sensible, supply-oriented energy strategy. The Senate should bring this commonsense legislation to the floor, make it better where needed, and move it forward quickly.”

And the American Gas Association's David N. Parker specifically mentioned the Dorgan amendment, saying that it would provide access to vast amounts of gas close to existing pipelines and other infrastructure. “Increased access to domestic resources will not only help lower energy costs, but will also ultimately help make America more energy secure,” he observed.

Other provisions' effects

The fact that their leaders didn't mention other parts of the bill doesn't mean that oil and gas trade associations aren't aware of them and their potential impacts. Some have been mentioned the past few weeks in other contexts.

For example, the bill's requirement for the US Department of Energy to hold at least 30 million bbl of oil products, such as gasoline and diesel fuel, within the Strategic Petroleum Reserve is a clear response to product shortages following Hurricanes Katrina and Rita in 2005 when much of the nation's refining capacity was lost. The bill also would move authority to order SPR releases from the president to the US Energy secretary.

Products reserve proponents have argued that the nation already has experience running the northeastern heating oil reserve. Petroleum trade association officials have said that operating one for gasoline and diesel fuel would be more complicated.

“Our experience with the heating oil reserve has shown us a couple of things,” API Chief Economist John C. Felmy said during a June 15 teleconference on gasoline prices. “First, the existence of government stocks can discourage the holding of commercial inventories. Second, if the government inventories are for an emergency, where are you going to locate them, how are they going to get to market, and what are you going to put in them during an emergency?”

The United States has 14 different kinds of gasoline which are formulated to meet different areas' environmental and emissions conditions, he noted. Felmy said that the US Environmental Protection Agency could issue waivers, as it did in the weeks following the 2005 hurricanes, allowing fuels not meeting specifications to be used for a short period. The reserves also could hold the highest-cost blends such as the formulation required in California, he added. "But that still doesn't answer questions such as how much diesel would need to be in these reserves. These would have to be considered too," he said.

OCS evaluation

The bill's provision ordering a complete inventory of resources off the US Atlantic, Gulf and Pacific coasts, with authorized appropriations, included seismic exploration of oil and gas on the OCS. Priority would be given to areas with the greatest energy production potential and the first inventory would have to be available within two years of the bill's enactment.

Congressional bans over three decades not just of OCS oil and gas leasing, but also of seismic or any other activity which could lay the groundwork for eventual production, have created a significant data gap. When the Potential Gas Committee prepared its latest biennial estimate of potential domestic gas resources, it had to use OCS figures developed in the 1970s in some cases, according to John B. Curtis, director of the Potential Gas Agency at the Colorado School of Mines, which provides guidance and technical assistance to the PGC.

That does not necessarily mean that scientists can't estimate the OCS's gas potential, he continued during a June 18 briefing on the committee's latest report. "The Canadians already are producing from the same rocks off their east coast," he observed. Curtis's observation that technological improvements which have made it possible to economically produce gas from onshore shale formations could also be applied to conducting three-dimensional seismic surveys of OCS areas which were last evaluated with earlier methods that were significantly less precise.

Tantalizing as that prospect seems, the question of who would conduct such a survey and how it would be financed still has to be answered. Oil and gas industry groups have said that opening specific areas to evaluation by producers themselves would be the most efficient approach. Federal officials in Congress and the Obama administration are likelier to want to have the government handle it.

It's also likely that any OCS evaluation would involve not just oil and gas, but also wind, wave and other potential renewable energy resources. US Interior Secretary Ken Salazar favors a more comprehensive approach to considering OCS resources, and would probably make implementation of this provision in the bill careful and deliberate. The provision itself seems to recognize this, stating that the report required within two years of enactment must include data on other marine resources, including the potential for alternative energy development, navigation uses, fisheries, aquaculture uses, habitat, conservation, and military uses.

Regulatory impacts

Other parts of the bill would have their biggest impacts on oil and gas leasing and regulation. The provision authorizing \$30 billion of financing for the gas pipeline from Alaska also would authorize the Interior secretary to issue rights-of-way for the system in non-wilderness areas of Denali National Park near an existing road there, and sets forth terms and conditions to make sure that this complies with applicable existing laws.

The EPACT sections which would be repealed if this bill becomes law potentially would involve not just deepwater production incentives but also gas production from deep wells in the shallow Gulf of Mexico, marginal wells producing fewer than 15 bbl of oil or 90 million Btu of gas daily, and the royalty-in-kind program.

This provision's most important feature is that it restores discretion for all the programs to the Interior secretary, an Energy and Natural Resources Committee spokesman explained on June 22. "It does not prohibit incentives but returns the task of justifying them to MMS and the secretary," he told OJG. (The secretary exercised control over RIK activities under EPACT, an examination of the law found. The marginal well provision apparently applies only to rates and royalties on federal lands, and would not affect the repeal of tax incentives covering domestic stripper wells which the Obama administration has proposed.)

The bill's proposal to double the authorization for DOE's energy research and development program from \$3.28 billion in fiscal 2009 to \$6.56 billion in fiscal 2013 does not specify where the money would be used. It's unlikely that much, if any, of the funding would be directed to oil and gas programs, given the prevailing political perception that money is needed more urgently elsewhere. "The title includes provisions addressing large energy R&D grand

challenges that are inherently interdisciplinary while enhancing training for energy utility technicians across all segments of the energy industry including advanced education for the subsurface geosciences and engineering fields,” the majority staff’s summary said.

The provision dealing with carbon capture and sequestration has oil and gas impacts that are not as direct as others in the bill. It establishes a national indemnity program through DOE for up to 10 commercial-scale CCS projects, sets qualifying criteria “to ensure that critical early-mover projects will be conducted safely while addressing greenhouse gas emissions from industrial facilities” including coal and gas-fired power plants and refineries, and establishes a framework for identifying geologic storage sites, the summary said.

Energy markets

The section in this bill which probably will be the most hotly debated once the bill hits the Senate floor is the one dealing with energy markets.

It would direct the EIA to collect new data identifying all physical petroleum holdings of the 50 largest oil traders, as determined by the CFTC; establish a new financial markets office within EIA to help determine connections between physical and financial energy markets; and create an energy markets working group which would be required to report its assessment of factors influencing oil prices and recommendations to make markets function more smoothly to Congress.

Obvious jurisdiction questions emerge, starting with EIA’s role. Acting Administrator Howard K. Gruenspecht has looked uncomfortable during congressional hearings when federal lawmakers have suggested that EIA move beyond its traditional responsibilities of gathering energy and analyzing energy statistics.

The CFTC also is working already with FERC, the US Securities and Exchange Commission, and other agencies and stakeholders on broader energy commodities regulation questions which include what this bill proposes for a new working group.

Energy commodities markets also could be overshadowed by broader reforms which the Obama administration and other Senate and House members have proposed. Those measures potentially would have a bigger impact on the physical hedging which many producers consider an essential part of their business than what the Senate Energy and Natural Resources Committee has put in this bill.

Senator Murkowski meets, greets Sotomayor

Fairbanks Daily New-miner, June 22, 2009; <http://newsminer.com/news/2009/jun/22/senator-murkowski-meets-greets-sotomayor/>

WASHINGTON — Sen. Lisa Murkowski, R-Alaska, came away impressed from a “meet and greet” meeting last week with Sonia Sotomayor, President Obama’s nominee to the U.S. Supreme Court.

“She is a very thoughtful woman and clearly very learned,” Murkowski told reporters after the one-hour private conversation with Sotomayor.

“She is a woman who feels passionate about learning and the law,” Murkowski added.

Sotomayor has never been to Alaska but she expressed interest in visiting the state and learning more about Alaska laws, Murkowski said.

“She had drafted a Law Review note on public lands and territories. She really was quite animated,” Murkowski said.

Sotomayor described in detail her way of processing information in a case before coming to a decision, Murkowski said.

They discussed Second Amendment gun rights and the heavy caseload of the appeals courts, but did not talk about specific Alaska cases, Murkowski said.

"I kind of prefaced my question about the Second Amendment," Murkowski said. "In a state like Alaska, independent people are very passionate about many things but most certainly, they're supportive of the Second Amendment."

Murkowski said she will review Sotomayor's legal opinions and background before deciding how she will vote on the nomination.

Murkowski and Sotomayor posed for a large group of photographers with their legs propped up on a footstool. Murkowski is recovering from knee surgery after a skiing accident and Sotomayor recently sprained her ankle.

Murkowski first met Sotomayor a few days ago when the nominee was trying to get into her car at the Capitol. The senator stopped to commiserate about leg injuries and to suggest some coping mechanisms.

Sen. Mark Begich, D-Alaska, is scheduled to meet with Sotomayor next week, according to an aide, and has not decided how he will vote.

The Obama administration has urged the Senate to act on the issue before adjourning for its month-long summer recess on August 7. Hearings on the nomination are scheduled to begin in July.

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The Alaska congressional delegation often tries to lure members of Congress to the state for on-site inspections so they can familiarize themselves with the landscape and unique conditions.

Begich is using a new angle to persuade senators to visit Alaska this August — see global warming in action.

"Since the day I arrived in the Senate, my colleagues have been suggesting a trip to Greenland to witness climate change first-hand," Begich said. "I keep reminding them that Alaska is ground zero for the impacts of global warming."

Begich added, "I'm confident their visit will be an eye-opener and help shape national legislation on this vital issue."

The delegation will view erosion in the Yukon-Kuskokwim region and climate change impacts on glaciers and forests in Southcentral Alaska.

The group also will tour the North Slope to inspect oil and gas development and observe climate change effects, and visit the Kenai Peninsula to see spruce bark beetle infested forests and receding glaciers.

Begich said the response to his invitation has been strong. Further details will be announced later in the summer.

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Murkowski, the ranking Republican on the Senate Energy and Natural Resources Committee, said she will try again on the Senate floor to increase domestic energy production. Her efforts were stymied by Democrats as the committee wrapped up several weeks of work to draft a comprehensive energy bill.

Murkowski voted for the bill, which cleared the panel by a 15-8 vote, because it contains several provisions that benefit Alaska.

It boosts the federal loan guarantee for the Alaska natural gas pipeline to \$30 billion. It also allows the use of the Federal Financing Bank to finance the gas line, which would cut administrative costs and interest rates on the loan by hundreds of millions of dollars.

The committee defeated a Murkowski amendment to allow directional drilling technology to retrieve oil and gas from the Arctic National Wildlife Refuge. The panel also rejected amendments to share federal revenue from offshore drilling with coastal states.

"Overall, this bill represents a balanced compromise that will improve our national energy policy," Murkowski said.

The bill also would:

- establish a one-stop federal permitting office in Alaska to regulate offshore oil and gas activity.
- grant a right-of-way through Denali National Park and Preserve for an in-state gas line.
- authorize the Arctic Energy Office research center at the University of Alaska-Fairbanks and expand the scope of its research.
- extend federal research into the use of methane hydrates as an energy source.
- exempts the Trans Alaska Pipeline System from being declared a national historic landmark, which would allow it to be dismantled when it is no longer used, and would simplify design issues for a natural gas pipeline.

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Murkowski took on another role last week as she shifted subcommittees on the Senate Appropriations Committee and joined the panel that oversees homeland security and the U.S. Coast Guard.

The subcommittee also oversees funding for the Federal Emergency Management Agency and the Transportation Security Administration.

Murkowski gave up a spot on the Financial Services and General Government Subcommittee.

Bill Nelson has gone too far with oil, gas production rhetoric

South Florida Sun-Sentinel, June 22, 2009; http://www.sun-sentinel.com/news/opinion/sfl-energy-explore-letter-m06220sbjun22_0_3656508.story

David Batt

Sen. Bill Nelson has gone too far this time with his off-the-wall rhetoric about offshore oil and gas drilling. Recently in Tallahassee, he said pursuing energy independence by allowing drilling off the Florida coast would convert our world-class beaches into "industrial waste zones."

How ridiculous and inflammatory. Oil and gas production has been occurring safely for decades in the central and western Gulf of Mexico, and I don't think you can call Gulf Shores, Ala., or any of the other beaches between there and Padre Island, Texas, "industrial waste zones."

The fact is that our state badly needs oil and natural gas to maintain our way of life and to keep providing the resources to bring tourists to Florida. Candidly, I doubt Sen. Nelson rode a bicycle from Washington, D.C., to take his anti-oil tour of Florida. The irony is while railing against oil, he used gasoline and jet fuel to make the trip. And to keep him and our tourists cool, electricity produced largely from natural gas provided the air conditioning.

Tell all of your elected representatives you know oil and gas production in the Gulf can occur in a safe and responsible way and you want it to happen now.

David Batt is the director of Consumer Energy Alliance of Florida.

Ryan: Subsidies Are Already Too Great

Roll Call, June 22, 2009; http://www.rollcall.com/features/Energy-Reform_2009/energy_reform/36000-1.html

By Rep. Paul Ryan

Congress appears poised to rush through the most sweeping change to our nation's energy policy in generations. The rhetoric sounds great: a profusion of "green" jobs, finally making "big oil and gas" companies pay their fair share in taxes, and even saving the planet.

But the reality is much different. Absent from this debate is a clear assessment of America's current energy and environmental policies. Before we adopt the gusher of new spending and taxes Congress is considering, here are some facts Americans should take into account.

First, U.S. taxpayers already provide heavy subsidies for renewable energy, and have for years. The federal government pays solar and wind producers more than \$20 for every megawatt of power they produce — a near 40 percent subsidy rate that costs taxpayers upward of \$1 billion annually.

Subsidies and direct spending for other renewable energy sources, conservation and aid programs cost taxpayers another \$15 billion. These include a 51-cent-per-gallon subsidy for biofuels, a \$380 million tax credit for energy-efficient homes, \$227 million for weatherization programs, and \$2 billion for the Low Income Home Energy Assistance Program. The energy-related portion of the Department of Energy's budget costs an additional \$24 billion; and this year, another \$39 billion was added to the economic "stimulus" bill for energy projects.

All told, Congress has already committed American taxpayers to almost \$80 billion for energy projects.

Second, the oil industry is not getting the "free pass" some claim. According to the Minerals Management Service, the government collected \$24 billion in 2008 from offshore drilling — enough to pay for all of the DOE's energy programs. This revenue came from only the federal waters currently open for exploration.

Many experts believe significant new energy reserves — and corresponding revenues — can be found in areas currently off-limits. Revenue from onshore energy development adds another \$5.4 billion to the federal coffers, and income taxes paid by U.S. energy companies brought in another \$85 billion in 2007.

In short, American oil and gas companies pay the government more than \$100 billion annually — enough for our entire energy budget, and then some. But the administration wants these companies to pay an additional \$31 billion to cover their "fair share." These costs would likely be passed on to consumers in the form of another hidden energy tax.

Apparently, consumers aren't paying their fair share, either. The crown jewel of the Democrats' energy plan, the cap-and-trade tax scheme, claims it can slow global warming, but only by making energy more expensive for everyone. This Byzantine mechanism would increase what Americans already pay for energy by a whopping \$846 billion.

So, what would we get in return for this \$846 billion tax hike? Ironically, the answer is less energy and a smaller economy. Groups ranging from the Brookings Institution to the Heritage Foundation to the Environmental Protection Agency all agree the economy would be smaller under cap-and-trade than without it. This is no accident. By design, cap-and-trade makes energy more expensive, reducing airline flights, trucking services, steel, cement and every other commodity that uses energy. Fewer goods and services mean fewer jobs.

What about the environmental benefits? According to some studies, the cap-and-trade scheme might move global temperatures — by a fraction of a degree, by the end of this century — a movement so small it might not be measurable. Meanwhile, for every ton of carbon we avoid, China, India and Russia will produce many more. Going it alone without these countries won't help the environment. But it will put the U.S. economy at a competitive disadvantage.

I don't believe most Americans would choose to pay more money in exchange for less energy, a smaller economy and an all-but-nonexistent benefit to the environment. Common sense rejects this choice. A better approach would be to make energy cheaper, not more expensive; to facilitate an economy operating at full potential, not below it; to encourage domestic production of oil and gas in an environmentally responsible manner, not demonize it; and to embrace clean nuclear technology, not ignore it. These are the common-sense principles for a 21st-century energy economy that Republicans will strive for.

Rep. Paul Ryan (R-Wis.) is the ranking member of the House Budget Committee and serves on the House Ways and Means Committee.
