

## Week in News: October 12-18, 2009

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ClimateWire, October 16, 2009; <http://www.eenews.net/climatewire/2009/10/16/3/>

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Wave and Tidal Energy News, October 14, 2009; <http://www.wave-tidal-energy.com/home/news-archive/40-general/233-huge-potential-in-us-hydropower-says-report>

### **Graham and Kerry's Climate Change Partnership Draws Support**

CQ Today, October 14, 2009;

<http://www.cq.com/document/display.do;jsessionid=42DD626CE730222542252AD598D60CA8.upolu?matchId=88238529>

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E&E daily, October 13, 2009; <http://www.eenews.net/EEDaily/2009/10/13/2/>

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LA Times, October 12, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-ocean-drilling12-2009oct12.0.2819272.story>

### **NOAA Raises Red Flags on Aggressive Offshore Drilling Plan**

Commondreams.org, October 12, 2009; <http://www.commondreams.org/newswire/2009/10/12>

### **Kerry-Graham seen as 'game-changer' in push for 60 votes**

Greenwire, October 12, 2009; <http://www.eenews.net/Greenwire/2009/10/12/1/>

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### **Cnooc in Talks to Buy U.S. Assets From StatoilHydro**

WSJ, October 16, 2009; <http://online.wsj.com/article/BT-CO-20091016-710765.html>

By David Winning and Russell Gold

Cnooc Ltd. (0883.HK, CEO) is in talks with Norway's StatoilHydro ASA (STL.OS, STO) over a deal that would open the U.S. Gulf of Mexico to China's oil companies for the first time, a person familiar with the matter said.

The move is significant as Cnooc's aborted \$18.5 billion bid for California-based Unocal Corp. (UCL) in 2005 is widely seen as having deterred state-owned Chinese oil giants from investing in U.S. oil and gas assets. Cnooc withdrew its offer for Unocal after it drew a storm of protests from some U.S. politicians.

But as tight credit has caused a lull in spending on offshore exploration, appetite for Chinese capital has grown, and opposition to Chinese investment may be less likely.

StatoilHydro, which has more than 400 leases in the U.S. Gulf of Mexico, is putting on the market only five prospects, said another person familiar with the situation. The prospects include the Tucker and Krakatoa deepwater fields, the person said.

The person, who didn't confirm or deny any Cnooc interest, said there's "huge interest" in the prospects and that the Norwegian oil company is negotiating with interested partners.

But StatoilHydro downplayed the significance of the sale.

"The fact is that we have opened dataroom for some leases that we acquired in the lease sale in 2007 and 2008, and where we have 100% ownership," said StatoilHydro spokesman Kai Nielsen. A dataroom is where vendors disclose information on the assets they're selling.

"This is a normal optimization of our portfolio, and a minor adjustment covering only a handful of licenses," Nielsen said. "We cannot confirm who is considering our offer."

The company didn't specifically deny being in talks with Cnooc.

The U.S. Gulf of Mexico remains one of the most plentiful areas of the world for oil discoveries, with billions of barrels of crude believed to be trapped below the seabed. This is attracting Chinese companies at a time when they are encountering difficulties in tying up deals elsewhere in the world, partly because oil-rich countries want greater control over their resources.

Earlier this year, a senior executive of Chevron Corp. (CVX) confirmed the U.S. major held talks over selling a minority interest in the Big Foot oil field in the Gulf of Mexico to China National Petroleum Corp. The talks were suspended in March, with a CNPC official saying at the time that CNPC found the stake offered too small.

Devon Energy Corp. (DVN) Chief Executive Larry Nichols said last month that Devon's ongoing sale of up to 50% of its stakes in deepwater blocks in the Gulf of Mexico has attracted interest from national oil companies, including those seeking to enter the sector for the first time, a description that would fit Chinese state firms.

Cnooc could be the first Chinese firm to actually clinch a deal in the coveted region.

"Cnooc expects to sign a deal with StatoilHydro soon to buy stakes in some deepwater exploration blocks in the U.S. Gulf of Mexico," said one of the people familiar with the situation, declining to specify the assets involved.

Cnooc board secretary Xiao Zongwei declined to comment.

China's oil companies no longer need foreign capital and are increasingly confident they have the technology to develop domestic oil and gas fields by themselves rather than bring in a partner from abroad.

As a result, deals in China are frequently conditional on foreign companies agreeing to let the Chinese take part in overseas projects. Chevron's offer of a stake in Big Foot signaled that the U.S. oil major felt it had to offer something in return for its selection by CNPC's listed unit PetroChina Co. (PTR, 601857.SH) as its partner in the large Chuandongbei natural gas project in southwestern China. Such dealmaking is likely to be a key factor in a potential Chinese presence in U.S. oil fields.

StatoilHydro's interest in negotiating a deal with Cnooc likely reflects its difficulty in securing new projects in China. In April, the company said it planned to shut down the depleted Lufeng 22-1 field in the South China Sea, which was its only producing asset in China. StatoilHydro was among the companies that expressed interest in the Chuandongbei project, but lost out to Chevron.

In addition, StatoilHydro could lower exploration risk and costs by bringing Cnooc into some of its acreage in the Gulf of Mexico, where it has an extensive presence.

According to StatoilHydro's Web site, the company has 448 active leases in the U.S. Gulf of Mexico, including some of the biggest discoveries such as Jack, Tahiti and St Malo.

Analysts say China's oil companies should look to become junior partners of large Western companies if they want to build a position in the U.S., as this would be more acceptable to U.S. politicians.

Cnooc's decision to take a new look at the U.S. offshore oil and gas sector may reflect the challenges it has faced in expanding its overseas operations, especially in Africa.

Last month, Angola's state-owned Sonangol said it wanted to block the \$1.3 billion sale of a 20% stake held by Marathon Oil Corp. (MRO) in an offshore oil block to Cnooc and China PetroChemical Corp. (SNP, 600028.SH), or Sinopec.

Cnooc also appeared to have lost out on the \$4 billion sale of a stake in a giant oil discovery in West Africa when Kosmos Energy picked ExxonMobil Corp. (XOM) as the preferred bidder earlier this month.

However, Cnooc is in advanced talks with Ghana National Petroleum Corp. about making a rival bid for Kosmos's stake in the Jubilee field, estimated to hold 1.8 billion barrels of oil, people familiar with the matter say.

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### **Drilling backers, foes prepare for big fight**

Miami Herald, October 16, 2009; <http://www.miamiherald.com/news/legislature/story/1285205.html>

By STEVE BOUSQUET

From an office near the state Capitol, David Rancourt oversees a growth industry: the lobbying and public-relations operation seeking to lift the long-standing ban on offshore oil and gas exploration off Florida.

A member of the powerhouse lobbying firm Southern Strategy Group, Rancourt represents Florida Energy Associates, a group of out-of-state oilmen seeking to drill off Florida's coast. With its mix of political power, money and raw emotion, drilling could dominate the next session of the Legislature in the spring.

### **PREPARING**

But the battle lines are being drawn now. At Rancourt's direction, pro-drilling forces have assembled a team of nearly three dozen lobbyists, including the wife of the Senate majority leader and leading public-relations and polling firms, while seeding both political parties with \$125,000 in contributions.

He frames drilling in stark economic and national security terms: Profits from selling leases and from future royalties could cure Florida's revenue shortfalls while reducing America's dependence on oil that enriches people overseas ``who hate us."

``We have got to get hold of this economy and we need to create a wealth event," said Rancourt, 44, an Army veteran and former aide to Gov. Jeb Bush.

### **OPPONENTS**

Drilling opponents, meanwhile, are mobilizing a network of coastal businesses and elected officials to turn up the volume on what they say is a grave threat. Their message: Drilling would destroy Florida's natural beauty and tourism economy, and drilling advocates are trying to buy victory with campaign cash and lobbying muscle.

Both sides target the same audience: the 160 members of the state Legislature.

Audubon of Florida lobbyist Eric Draper wasn't subtle in making his case against drilling to a meeting of the House Democratic Caucus, calling it a ``dubious scheme advanced by special interests," and asking: ``Why do they need to hire 50 lobbyists?"

``IT'S DANGEROUS'

As a PowerPoint slide show displayed grimy images of the coastline of South Padre Island, Texas, Draper said: "It's dangerous, it's dirty, it's not safe, and it's ugly."

Draper, who spent the summer collecting anti-drilling resolutions from various cities on the central and lower Gulf Coast, then listed recent gasoline prices at the pump in drilling states such as Texas and Louisiana. They were lower than Florida's, but not by much -- nine to 12 cents a gallon.

"Where's the logic that gas prices are going to come down?" Draper asked.

## INDUSTRY ARGUMENT

On the other side, Florida Energy Associates attorney Frank Matthews said drilling can help Florida cope with revenue shortfalls and high unemployment. The question, Matthews said, is whether to repeal the drilling ban and give the governor and Cabinet authority to accept proposals, for a fee, to lease areas for exploration with the state getting a share of royalties.

"We have a ban that needs to be repealed, just to start the conversation," Matthews told legislators in a calm voice. "The risk is, in fact, manageable, and it's based on the protections you will impose."

As Draper and Matthews argued, Carolyn Oblin stood in the back of a Capitol conference room, updating her Facebook page, Floridians Against Big Oil. Oblin, 41, a Green Party activist from Tallahassee, is using Facebook to mobilize people to tell legislators why drilling would be disastrous for Florida.

Rancourt, the lobbyist, is a big, strapping guy with an easy smile who once ran Florida's elections division. He said drilling foes have a "20- or 30-year head start" on the debate because drilling was long considered a political taboo in Florida. He says his side will win out by emphasizing jobs, revenue and the lack of risk from drilling.

"Science and facts need to prevail," Rancourt said.

The Lakeland native said modern technology minimizes the visual blight of offshore drilling platforms through the use of temporary jack-up rigs or drilling from the shore. "I was born here," Rancourt said. "I don't want to see oil rigs offshore."

He speaks with incredulity about how oil companies are fighting to come to Florida and pay for the right, as he puts it, to create jobs and pay the state large royalty fees.

"If that message can't sell on its own in Florida, then nothing can," Rancourt said.

Florida Energy Associates has 31 lobbyists, with individual lobbyists hired to target key members or groups, such as African-Americans lawmakers or liberal Jewish members from South Florida. The goal is to make the pro-drilling constituency appear broad.

Of particular concern to Audubon's Draper is that Rancourt hired Sean Pittman, a lobbyist with close access to many African-American lawmakers, whose districts are mostly land-locked and whose support could be crucial in counteracting the opposition of moderate Republicans.

"They are in play, and we're a bit concerned," Draper said of black caucus members.

## 'MONEY ... MATTERS'

The solar-energy industry, represented by the Florida Solar Energy Industries Association, threw its conditional support to lifting the ban. Association director Bruce Kershner noted the need for a reliable, permanent funding source for a rebate program for homeowners and businesses that use solar energy.

Environmentalists pounced, with Draper saying drilling advocates are trying to "buy off" support by promising oil drilling revenues to various groups.

"Let's face it. The money always matters in this process," said Rancourt, who added that he did not know how much money his group was prepared to spend on lobbying, public relations, polling and campaign contributions.

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## **Technology can tap into oil reserves safely**

South Florida sun-Sentinel, October 16, 2009; <http://www.sun-sentinel.com/news/opinion/sfl-oil-drilling-forum-m101609pnoct16,0,2551541.story>

Dave Mica

When Congress let expire the moratorium on oil and natural gas exploration, the possibilities of new jobs, approximately \$1.7 trillion in revenue and energy security were finally within reach. However, a year has passed, and America has yet to reap any benefits.

In Florida, support for offshore development has gained steam, as evidenced by state public opinion polls. Last year's advancement in the House opened the door on this issue and its potential economic benefits. And now, legislative leaders have pledged their support to revisit it next session.

We would do our state good by supporting lawmakers and pro-drilling advocates. According to an ICF International study, Florida could gain 13,142 jobs and \$428 billion in revenues through offshore development, helping our state to overcome its nearly 11 percent unemployment rate. Given the benefits, why does the administration continue to delay development?

ICF International estimated that Florida's production from the Outer Continental Shelf could total 19.7 billion barrels of oil and 56.5 trillion cubic feet of clean-burning natural gas — providing part of America's energy solution, as our nation attempts to stay competitive in the face of increased globalization.

Through advanced technology, the oil and natural gas industry has reduced its environmental footprint, minimizing the impact on ecosystems and wildlife. The industry finds, develops and delivers oil and natural gas while leaving the Earth nearly untouched — a fact all Americans need to remember. With these technological developments, oil and natural gas companies can now access the same amount of reserves with half the number of wells it took 20 years ago.

The government estimates our nation's resources could power 65 million cars for 60 years and heat 60 million households for 160 years. And odds are, more resources lurk below ground. In 1987, the Minerals Management Service estimated approximately 9 billion barrels of oil lay in the Gulf of Mexico, and by 2006, that estimate ballooned to 45 billion.

Every day, industry, business and households across America rely on a steady supply of traditional fuels. Through the safe, clean expansion of drilling, our state can play a major role in contributing to these domestic needs, in part, helping to close the gap between those employed and those searching for work. For the good of our nation, lawmakers must seize the opportunity of an expired moratorium and expand domestic access.

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## **Most Americans still foggy on cap and trade**

ClimateWire, October 16, 2009; <http://www.eenews.net/climatewire/2009/10/16/3/>

Christa Marshall

Almost 80 percent of Americans don't know that cap and trade is associated with the environment, according to a new poll.

Instead, the vast majority believe the concept refers to unemployment, banking reform or health care, the Pew Research Center for the People & the Press reported. Americans fared better at naming the latest Supreme Court Justice or identifying conservative talk host Glenn Beck than at citing the name of the plan to control greenhouse gas emissions that is favored by President Obama.

Under a mandatory cap-and-trade system, emissions would be restricted nationally, and businesses would buy and sell allowances to meet their emissions cuts. The House passed a version of the plan this summer, but the Senate has yet to move a bill out of committee this year.

"This [poll] reflects that climate has not been a page one story. It has been buried under health care," said Michael Dimock, associate director for research at the Pew Center.

In the multiple-choice poll, the center asked respondents whether the "so-called 'cap and trade' legislation being discussed in Congress" dealt with one of four issues. Overall, 23 percent identified it as an environmental issue. People under age 30, individuals with a high-school education or less and women were the least likely to answer correctly.

Democrats and youth are dimmest on environment

College graduates fared the best in providing a right answer, even though 61 percent of that group still got the question wrong. Twenty-seven percent of Republicans knew cap and trade referred to the environment, compared to 15 percent of Democrats.

Dimock said the demographic breakdowns parallel other issues in that young people tend to follow the news less often than older people and the Democratic Party contains a larger percentage of less-educated individuals than the GOP. Even so, he said, the higher Republican identification of the phrase might indicate that the GOP has done a better job in making its base aware of the topic.

The poll comes amid tough negotiations in the Senate on a climate bill. Obama and Democratic leaders are pushing for some congressional action on the issue before December meetings in Copenhagen to forge a post-2012 international climate treaty.

Both sides of the political aisle have been trying to use rhetorical twists to their advantage. Recently, members of the Obama administration shifted away from "greenhouse gases" as a preferred term to speak about "carbon pollution" and "heat-trapping emissions" (ClimateWire, Sept. 23).

According to Mark Mellman, a Democratic pollster who has met with Democratic leaders and Obama officials, the word shift is a smart one, considering that people are familiar with the word "pollution." He said getting into the details of cap and trade "was about as valuable" as a salesman selling a Toyota by taking out the engine and describing its merits.

Push jobs, not technical details

He suggested that proponents of action on climate first discuss the potential of a bill to create jobs and wean the country off of foreign oil. Then they should describe how "pollution" causes global warming as the last part of the trio, he said.

But many of those opposed to a climate bill appear determined to keep "cap and trade" alive as an attack mechanism. Republicans have spun the term via phrases like "cap and tax" or "tax and trade" to paint legislation as an economy killer.

The environmental group Rising Tide North America, a left-wing group opposed to the House climate legislation, used the phrase to launch a pirate-dressed activist called Cap'n Trade. Waving his sword, he burst into a meeting at Columbia University at which Danish Climate and Energy Minister Connie Hedegaard was describing efforts to curb climate change. "Arrgh!" he howled for the cameras as he was escorted out the door.

Republican pollster Whit Ayres downplayed the viability of phrases like "cap and tax." For those opposed to the bill, he said, the most effective strategy is using third-party "validators" like the Congressional Budget Office to point out costs of specific provisions within legislation.

And he said the worst strategy for the GOP would be to deny that climate change is a man-made phenomenon, according to his polling research.

"That comes across to younger people as out of touch," Ayres said.

The Pew Research Center poll was conducted Oct. 1-4 among 1,002 adults.

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**Obama touts nuclear power, clean energy in New Orleans**

E&E News PM, October 15, 2009; <http://www.eenews.net/eenewspm/2009/10/15/3>

President Obama told a town hall meeting in New Orleans today that he supports finding environmentally conscious ways to tap oil and natural gas reserves, as well as increased use of nuclear power.

"There's no reason why technologically we can't employ nuclear energy in a safe and effective way," Obama said. "Japan does it and France doesn't and it doesn't have greenhouse gas emissions, so it would be stupid for us not to do that in a much more effective way" (Steve Holland, Reuters, Oct. 15).

Obama also said that aiding the environment will bolster the economic recovery.

The president cited clean energy programs that have been financed as a result of the economic stimulus package. He also said renewable energy projects have the potential to spur economic growth.

Obama said he plans to focus on clean energy legislation after Congress acts on health care reform (Associated Press, Oct. 15). -- JK

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### **Huge potential in US hydropower says report**

Wave and Tidal Energy News, October 14, 2009; <http://www.wave-tidal-energy.com/home/news-archive/40-general/233-huge-potential-in-us-hydropower-says-report>

Written by Administrator

The US hydropower industry has the ability to create up to 700,000 new jobs by 2025 according to a new study, 'Job creation opportunities in hydropower', conducted by Navigant Consulting on behalf of the US National Hydropower Association. The report also suggests that the development of hydropower, pumped storage, and ocean, tidal, and in-stream hydrokinetic technologies can potentially add 60,000MW of renewable energy to the national grid in the same time period.

The findings prompted Pennsylvania Governor Edward Rendell to call on policymakers to support development of hydropower, America's largest renewable energy resource. "It's time to invest in renewable energy resources that generate electricity in this country and that provide jobs for Americans. Hydropower presents elected officials across the country an opportunity to bring thousands of long-term, family-wage jobs to our states."

NHA Executive Director Linda Church Ciocci echoed Governor Rendell and union representatives, stating that NHA is calling on Congressional leaders to:

- Enact a national RES that recognizes and supports hydropower
- Support long-term tax incentives that give hydro parity with other renewables
- Accelerate licensing for pumped storage and small hydro
- Expand federal R&D funding for hydropower technologies

"Hydropower must play a critical role in our national energy, environmental, and economic policy," Church Ciocci said. "On behalf of NHA and the hydropower industry, I'd like to thank Governor Rendell for his vision and leadership on this issue and Voith Hydro for hosting this event. NHA stands ready to work with all policymakers who pursue development of America's critical hydropower resources."

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### **Graham and Kerry's Climate Change Partnership Draws Support**

CQ Today, October 14, 2009;

<http://www.cq.com/document/display.do;jsessionid=42DD626CE730222542252AD598D60CA8.upolu?matchId=88238529>

By Coral Davenport

South Carolina Republican Lindsey Graham's partnership with Massachusetts Democrat John Kerry on a framework for Senate climate change legislation is drawing tentative, but significant, support both from environmentally minded Democrats and at least one key moderate Republican.

Kerry and Graham penned an op-ed column in the Oct. 11 New York Times, in which they called for bold action on climate change legislation that would include aggressive carbon emissions cuts sought by environmentalists,

funding for carbon sequestration technology favored by coal-state Democrats and an expansion of nuclear power and offshore drilling supported by Republicans.

Environmentalists said Graham's emergence as a partner in negotiations is a "game changer," while Lisa Murkowski of Alaska, the ranking Republican on the Energy and Natural Resources Committee, said it may mark a "shift in the climate debate."

With as many as four Democrats likely to oppose any cap-and-trade climate bill in the Senate, bipartisan support will be crucial to overcoming a filibuster threat. Democrats have been looking for a GOP partner, such as they had last year when former Sen. John W. Warner of Virginia (1977-2009) co-authored the Senate's climate change bill on in the past when John McCain of Arizona sponsored cap-and-trade legislation.

Graham still has not signed on as a co-sponsor of the bill (S 1733) written by Kerry and Environment and Public Works Chairwoman Barbara Boxer, D-Calif., but by stepping forward he has given Democrats someone with whom they can negotiate.

The challenge facing authors of the legislation is how to make the concessions that can bring along Republicans and moderate Democrats without losing liberals and environmentalists.

For example, many environmentalists are wary of nuclear power and opposed to an expansion of offshore oil and gas drilling. Florida Democrat Bill Nelson has threatened a filibuster to block any expansion of drilling that puts his state's shoreline at risk.

But Nelson said he is confident after meeting at length with Kerry that any new offshore drilling in a climate bill would protect Florida's coast.

"I'm not opposed to offshore drilling," Nelson said. "The question is where it is appropriate. There are still tens of millions of acres in the Gulf of Mexico open for drilling and not being drilled. Sen. Kerry clearly understands that."

#### 'Shift in the Debate'

Meanwhile, Murkowski — a moderate who has expressed concern about global warming in the past but has sharply criticized the Kerry-Boxer proposal and the House-passed Waxman-Markey bill (HR 2454)— offered cautious praise of the Kerry-Graham outline.

"Just this past weekend, Sens. Kerry and Graham laid out a framework for climate policy that would mark a significant departure from what we're here to consider today," she said Wednesday at an Energy Committee hearing. "Now, to be sure, they wrote a column, not a bill. Their outline could be improved, and there's no guarantee legislation along those lines would pass the Senate. But in my opinion, the framework they laid out in 1,000 words is already better than the policies it took the House 1,400 pages to impose."

Murkowski expressed hope that "their column will mark a shift in the climate debate."

"Instead of cutting emissions at any cost, we should be working on a policy that incorporates the best ideas of both parties — a policy that accounts for our near-term energy needs, limits costs, and is flexible enough to work under different economic systems," she added.

Murkowski, vice chairwoman of the Republican Leadership Conference, could be key in bringing along other GOP colleagues. She is scheduled to meet with Graham Thursday to talk over details of climate legislation.

#### McCain Critical

One key Republican not swayed so far by the Kerry-Graham effort is McCain, who has been dubbed by some as "the grandfather of climate change" for his pioneering bipartisan work to tackle climate change during the Bush administration. McCain has taken a back seat in this year's climate negotiations, while offering searing criticism of most legislative proposals.

Despite the leading role of his close friend and political ally Graham, McCain criticized their proposal to consider "carbon tariffs," which would tax the carbon output of imported goods produced in countries that don't regulate greenhouse gases. The provision is viewed as essential in winning the votes of manufacturing-state Democratic moderates, such as Ohio's Sherrod Brown.



"I am very much opposed to tariffs on imported goods that are manufactured in another country," McCain said. "That's protectionism that would be passed right on to the consumer."

McCain also said the outline did not satisfactorily detail how nuclear power would be expanded or what provisions would be made for storage of nuclear waste.

"There's no answer," he said. "It's nice to talk about, but I need answers."

Louisiana Democrat Mary L. Landrieu is fiercely protective of her state's oil and gas industry and typically votes with Republicans on energy and climate issues. In 2003 and 2005, Landrieu was among a handful of Democrats to vote against legislation to cap carbon emissions and allow trading in pollution allowances.

But Landrieu indicated Wednesday that she is at least open to considering the Kerry-Graham outline. Landrieu is a leading advocate of expanding offshore drilling and may find provisions to open more U.S. waters to energy production attractive.

"I'm not sure," Landrieu said, when asked if she could support the Kerry-Graham outline's economywide carbon cap. "I'd support a cap just on electric utilities. With an economywide cap, I'm concerned about price volatility."

Both the Kerry-Boxer bill and the Kerry-Graham outline call for a ceiling on the cost of carbon allowances in order to control price volatility.

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### **A Clearer Look at Drilling**

NYT, October 14, 2009; <http://www.nytimes.com/2009/10/14/opinion/14wed2.html>

Editorial

Interior Secretary Ken Salazar's decision to freeze oil-and-gas development on 60 drilling sites in Utah is one more sign that the Obama administration will take a more sensible approach to energy exploration on public lands than its predecessor's drill-now, drill-everywhere policies. Mr. Salazar faces even tougher calls ahead.

The Utah decision, announced last week, involves parcels leased in the waning days of the Bush administration without proper environmental review or full consultation with the National Park Service. The service was particularly disturbed by the prospect of drilling on fragile lands near two national parks and a national monument. Mr. Salazar condemned the Bush administration's "headlong rush" to lease the sites.

Days before heading out the door, the Bush administration also proposed a five-year offshore oil-and-gas leasing plan that would expand drilling in America's Arctic waters by nearly 80 percent, including millions of acres in the Chukchi and Beaufort Seas. Mr. Salazar has been reviewing this plan as well — and rightly so.

Drilling in the unforgiving Arctic environment is risky business. Oil spills would be hard to contain, and the ecological damage to some of the world's richest fisheries could be staggering.

The idea of opening Alaskan waters to drilling has powerful support in the oil-and-gas industry and among most Alaskan politicians, including Gov. Sean Parnell, Sarah Palin's successor who made a special trip to Washington last week to lobby Mr. Salazar.

Most scientists, however, are urging caution. And last week 70 members of the House called on Mr. Salazar to set aside the five-year plan and defer all leasing and drilling in the Arctic until a "science-based analysis" can determine where such activities can safely occur.

Their letter also urged him to restore protections for Alaska's Bristol Bay, the most productive fishery in American waters. President George H.W. Bush declared the bay off-limits to drilling after the Exxon Valdez disaster — a move reversed by President George W. Bush.

Mr. Salazar has repeatedly promised a better balance between the country's energy needs and the preservation of its fragile environments. Rescinding the Utah leases honors that promise. Doing all he can to protect the Arctic would honor it as well.

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**Dems hint at acceptance of offshore drilling as Kerry-Graham reactions pour in**  
E&E Daily, October 13, 2009; <http://www.eenews.net/EEDaily/2009/10/14/1>

Ben Geman and Darren Samuelsohn

Several Democrats who oppose expanded offshore drilling yesterday declined to say its addition to global warming legislation would cost their support, a sign that advocates of emissions caps may accept wider leasing as the price of an overall climate deal.

Discussion of drilling comes as Environment and Public Works Chairwoman Barbara Boxer (D-Calif.) announced that committee hearings on the Senate bill (S. 1733) would commence Oct. 27 with a markup planned for early to mid-November.

The idea of merging offshore drilling with a cap-and-trade bill gained new traction over the weekend when Sens. John Kerry (D-Mass.), Boxer's co-sponsor of the cap-and-trade bill, and Lindsey Graham (R-S.C.) used a joint New York Times op-ed to call for emissions caps coupled with drilling, and backing for nuclear power and low-emissions coal, among other goals.

Graham wants a drilling deal modeled off a proposal from last year by the "Gang of 10" senators. The Gang of 10 called for production greater than 50 miles off the coasts of the Carolinas, Georgia and Virginia, if those states agree, and they would get a revenue cut. It also would reduce the no-drilling buffer off Florida's Gulf of Mexico shores to 50 miles.

The question surrounding calls for wider offshore oil and gas leasing in a climate deal has been whether it would jeopardize as many votes as it might attract. But two coastal Democrats who have long opposed drilling off their shores stopped short of saying new leasing elsewhere would turn them against a climate bill.

Sen. Dianne Feinstein (D-Calif.) opposes new leasing off the California coast. Asked if she could support a climate bill with drilling if the Pacific Coast were kept off-limits, she replied that wider drilling is at odds with the goals of a climate bill.

"I think offshore oil drilling is really contrary to everything we are trying to do to restrict carbon, to be honest with you," Feinstein said. "We need to look for other alternatives. I don't think 'just keep drilling' is the answer."

But asked if it would cost her support, she replied: "I would not go so far as to say that. I am just saying I am not enthusiastic about offshore oil drilling."

On the East Coast, Sen. Frank Lautenberg (D-N.J.) opposes drilling off New Jersey's shores. Like Feinstein, he attacked the overall concept.

When asked whether its addition to the climate bill would jeopardize his support if it did not include New Jersey, Lautenberg replied: "We would have to see how they define offshore drilling. I am frankly opposed to it. The more we see about the assault on oceans, the less we want to add to the degradation of our oceans and water supplies," he said. "So I am not at all pleased about that prospect." He also touted backing for alternative energy sources.

Pressed on whether addition of outer continental shelf leasing would cost his vote on a climate bill, Lautenberg said it depended on the details.

"I would feel better if it excluded New Jersey. But would it exclude Virginia, where the tidal waters touch New Jersey? Would it exclude Maryland? Would it exclude Delaware? We would have to find out about all these things.

"I don't like it as an alternative," he added.

Energy and Natural Resources Chairman Jeff Bingaman (D-N.M.) believes that the Gulf of Mexico drilling provisions in the sweeping energy bill (S. 1462) his committee approved helped win the support of four Republicans on the panel back in June.

That bill would shrink the no-drilling buffer off Florida's gulf coast to 45 miles and less than that in a region called the Destin Dome.

But Bingaman downplayed the idea that offshore leasing provisions could sway votes on a cap-and-trade measure.

"I tend to think people are going to consider cap and trade on its own merits. I tend to think that is a significant enough policy proposal that people are going to vote on the basis of what their position is on that," he said.

One key Republican appeared to confirm that sentiment. "I guess for nuclear and for 'Drill here and drill now,' I can buy into it," said Finance Committee ranking member Charles Grassley (R-Iowa.). "But when you mix cap and trade into it, I'm not sure whether it's something I could go for."

Graham said the discussions on the outline he and Kerry laid out are in their "infant stages." But he said early responses to the effort have been good.

"I have gotten a lot of calls from industry, which has been sort of reassuring, some utilities and business people looking for a compromise. The Kerry-Boxer bill as drafted is not the sweet spot," he said.

"We will see how much buy-in we can get from the business community, the environmental community, to make this marriage of energy independence and emissions controls," Graham added.

A major coalition of roughly 60 advocacy groups called Clean Energy Works -- which includes the Sierra Club, Service Employees International Union, the American Values Network, VoteVets and the National Association for the Advancement of Colored People and many others -- called the Graham-Kerry op-ed an "game changer" in the push for a climate bill.

As for Boxer, the EPW panel chairwoman is not a drilling supporter and yesterday repeated widespread Democratic views that oil companies do not need new leasing because they already hold massive amounts of undrilled acreage under lease.

But she also noted that drilling does not fall under her committee's jurisdiction. "That negotiation is going on outside the committee," Boxer said. "And I am very pleased about it because we need to see where everybody is, what their needs are, what their wants are. That is what is going to be the give and take of this as it comes to the floor."

The EPW and Energy and Natural Resources committee bills are expected to be merged with measures from the Commerce, Finance, Foreign Relations and Agriculture panels before reaching the Senate floor.

"This bill is going to be the product of negotiations," Boxer said. "This bill is going to be about getting 60 votes, and I am not going to say right now whether I will vote for it or I won't."

Boxer, Feinstein and Lautenberg were among the 21 senators who opposed a 2006 bill that eventually became law that expanded Gulf of Mexico leasing by several million acres. The bill, which passed 75-21, also included revenue sharing for Louisiana, Texas, Mississippi and Alabama.

**Parsing the Kerry-Graham partnership**

Many senators applauded Kerry and Graham for taking a proactive step toward bipartisanship. But the initial reactions from both sides of the aisle were far from ringing endorsements.

For example, Kerry and Graham said they would work on a cost-containment provision that has as its "central element ... the establishment of a floor and a ceiling for the cost of emission allowances."

But Boxer said she has no plans to change the original bill's cost-containment language, which allows U.S. EPA to release allowances into the carbon market via an auction once permits hit a \$28-per-ton level.

"It's a soft collar," Boxer said. "We're very excited about that. We think it's a very good way to stop the market manipulation and as far as I know that's where we are at this point."

Sen. Lamar Alexander (R-Tenn.) said he was concerned that cap-and-trade legislation would drive jobs out of the United States even if the authors added provisions aimed at giving free allowances to trade-sensitive, energy-

intensive domestic manufacturers.

"You're still ending up collecting hundreds of billions of dollars in energy taxes and giving them to somebody else," Alexander said. "That's going to have all sorts of unintended consequences. It's not necessary. It's not even the best way to deal with climate change.

"Tacking a bunch of good provisions on an extremely bad provision doesn't get a bill that interests me," Alexander added.

Sen. John McCain (R-Ariz.), one of Graham's closest Senate allies, said he had problems with the idea of "border tax" on countries without similar strict environmental standards. "I know that I'd never agree to tariffs on the borders for countries that don't comply with our requirements," McCain said.

On nuclear power, several Republicans insisted on going further than Kerry and Graham when it comes to language that puts nuclear power on par with wind and solar power in terms of tax credits and inclusion in a nationwide renewable electricity standard.

"If nuclear comes under that and has proper incentives, that could be a major step forward," said Sen. Judd Gregg (R-N.H.).

"My attitude is I'll wait and see, but I do think we've got to stop playing this game of winners and losers and we've got to open every renewable source to exploration in the Senate or else we'll never solve our energy problems," added Sen. Johnny Isakson (R-Ga.).

Kerry yesterday insisted that the ideas rolled out in the op-ed remain in the early development stage, and he would not say for certain if it would even lead to specific legislative language.

"We really haven't gotten specific about a Kerry-Graham bill," the senator said. "What we're really trying to do is get a coalition together to make this pass. What shape that takes at this point, I think, is down the road.

"I suppose it can develop into a bill, but it doesn't necessarily have to be ours," Kerry added. "It could part of a leadership effort, or some other effort."

EPW panel hearing, markup schedule

Boxer yesterday said she would try in the coming weeks to win over all of her EPW Committee Democrats headed into next month's markup, including coal-state Sens. Max Baucus of Montana and Arlen Specter of Pennsylvania.

"My goal is to get every single Democrat, yes, without a doubt I'm working on that," Boxer said, adding that she wouldn't delay the markup if she did not have their support.

Boxer said she doesn't expect to win over any Republicans, though that would not be a problem anyway given Democrats have a 12-7 majority.

She plans on releasing a chairman's mark before legislative hearings begin on Oct. 27 with only a handful of "tweaks" compared with the version unveiled last month with only small incentives on nuclear power and no language on energy exploration. Boxer said she was aiming to mark up the climate bill either the week of Nov. 2 or Nov. 9.

When the hearings begin, Energy Secretary Steven Chu, Interior Secretary Ken Salazar, U.S. EPA Administrator Lisa Jackson, Transportation Secretary Ray LaHood and Federal Energy Regulatory Commission Chairman Jon Wellinghoff will testify.

Kerry also said he planned to testify. "It's my bill, he said. "I'm supportive of that effort, but I realize we have to grow the base. And we have to grow the support structure and that's what we're going to work on doing."

Minority Leader Mitch McConnell (R-Ky.) said he had read the Kerry-Graham article. But he stayed clear of discussing any of its merits.

"Well, it's interesting," McConnell said. "At some point, I guess we'll get back to that issue. Nobody's been talking about it much lately."

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### **Letter to government representatives calls for Cape Wind to move forward now**

Cape Cod Today, October 13, 2009; <http://www.capecodtoday.com/blogs/index.php/2009/10/13/cape-and-state-organizations-pen-letter?blog=53>

Representatives from several Cape and state organizations, including environmental groups and labor stakeholders, sent a joint letter to Washington Tuesday extolling the future benefits of the Cape Wind project and asking that the project be allowed to move forward immediately without further delay.

The letter, addressed to Secretary of the Interior Ken Salazar and Director of the Mineral Management Service S. Elizabeth Birnbaum, asked specifically that the pending National Historic Preservation Act (NHPA) Section 106 process (see Section 9, page 11 of the case study PDF here) for the project be put to an end quickly with a decision favoring Cape Wind and the development of their 130 turbine wind project on Nantucket Sound.

Those signing the letter maintain that the waters of Nantucket Sound are not a "Traditional Cultural Property" and therefore do not fall under the jurisdiction of the NHPA.

The New York Times recently featured a story about the latest attempt to stall the wind project by calling on the NHPA here.

Read the letter in its entirety below:

October 13, 2009

The Honorable Ken Salazar  
Secretary, U.S. Department of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

S. Elizabeth Birnbaum, Director  
Minerals Management Service  
1849 C Street, N.W.  
Washington, D.C. 20240

Re: Cape Wind Offshore Wind Energy Project

Dear Secretary Salazar and Director Birnbaum:

The undersigned environmental, clean energy and labor stakeholders applaud your support for responsible renewable energy development, and join you in recognizing the considerable – but as yet untapped – potential of clean energy projects in the ocean waters of the United States.

We believe it is essential that the United States move forward now to translate these critical objectives into real action. When you assumed your current offices, you inherited a legacy of delay that put this nation's offshore renewable energy program years behind the successful efforts of many other nations. The most obvious, visible and reasonable way to break past this inertia is to move forward expeditiously with final approval and leasing of the pioneering 130-turbine Cape Wind project in Nantucket Sound off the coast of Massachusetts.

Through some eight years of rigorous environmental and permitting review, the Cape Wind project has demonstrated that its environmental benefits are expected to significantly outweigh its impacts. The project holds tremendous promise for powering up to three-quarters of Cape Cod, Martha's Vineyard and Nantucket with approximately 450 Megawatts of emissions-free electricity, while spurring an entire sector of much needed clean energy development. In addition, as the nation and the world look to the Administration for leadership in addressing climate change, there is no question that the Cape Wind project carries tremendous symbolic importance.

We therefore respectfully urge you to bring to a close the pending National Historic

Preservation Act (NHPA) Section 106 process for the Cape Wind project, and enter a favorable Record of Decision without further delay. Contrary to the assertions of a handful of project opponents, the approximately 560 square miles of unenclosed ocean water known as Nantucket Sound are not appropriate for listing on the National Register as a "Traditional Cultural Property" under the NHPA. Moreover, such a drastic departure from longstanding practice and precedent would have a far-reaching chilling effect on responsible offshore renewable energy development in federal and state waters, just as MMS endeavors to unleash the OCS Alternative Energy program and Massachusetts strives to finalize and implement its first-in-the-nation Ocean Management Plan.

Cape Wind will concretely advance the Administration's objectives in addressing the challenge of global warming while promoting energy security and economic development. Following an extremely lengthy and rigorous review, approval of the Cape Wind project now will send a critical message to the renewable energy development community and will help lay the strongest possible foundation for offshore wind energy development in the United States.

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### **Bingaman offers forum for early sparring on cap-and-trade bill**

E&E daily, October 13, 2009; <http://www.eenews.net/EEDaily/2009/10/13/2/>

Darren Samuelsohn

The Senate climate debate keeps on churning tomorrow as the Energy and Natural Resources Committee takes a closer look at the economic modeling of global warming legislation.

Committee Chairman Jeff Bingaman (D-N.M.) insists that his hearing will not focus on the cap-and-trade bill (S. 1733) unveiled earlier this month by Sens. John Kerry (D-Mass.) and Barbara Boxer (D-Calif.). But try telling that to Sens. Byron Dorgan (D-N.D.), Mary Landrieu (D-La.) and Lisa Murkowski (R-Alaska), just a few of the moderate Democrats and Republicans on the committee who have concerns about moving the Kerry-Boxer climate bill later this year.

"People use everything as a chance to swing," Bingaman said last week. "I think it's useful for our committee members and the whole Senate to be aware of the modeling that exists, and to the extent we don't have adequate modeling, we need to be sure we fill that need."

Several government experts who have analyzed the House-passed climate bill, H.R. 2454, will testify at the hearing, which has twice been postponed because of an otherwise busy Senate schedule.

The Congressional Budget Office, for example, projected average household costs of \$175 per year (2010 dollars) from the House bill. U.S. EPA said the legislation would have a price tag of \$80 to \$111 per year (2005 dollars). And the Energy Information Administration said that total gross domestic product would be \$566 billion less between 2012 and 2030 under the House climate legislation. None of the studies took into account the environmental or economic benefits from reducing greenhouse gas emissions.

As for Boxer, the chairwoman of the Environment and Public Works Committee said last week that she is waiting for her own round of EPA analysis before starting hearings on the climate bill. EPA officials told Boxer it could take up to six weeks to complete their number crunching, but Boxer countered that it should not take the agency that long considering it already studied the House bill that has many of the same contours.

"That's the \$64,000 question," Boxer said. "We're hoping they'll be able to do it faster than they first said because I promised the Republicans I wouldn't mark up until I have that. And I'm going to keep that promise."

Boxer had originally planned to begin a marathon week of hearings with several top Obama administration officials on Oct. 20. But Democratic and Republican aides say they expect action to be delayed in Boxer's committee until early to mid-November.

A senior Boxer aide said last week that final details on their climate bill, including how to distribute emission allocations, were being internally vetted among Senate offices and that no legislative language would be released publicly until the hearings start.

In the meantime, Boxer said she had no problem with Bingaman's committee diving into the climate debate, even if it gave some lawmakers a chance to take swipes at her proposal.

"That's fine," Boxer said. "The momentum is headed in our direction. ...The more these issues get looked at, the better off we look."

Bingaman plans more climate-related hearings in the coming weeks as Congress gets closer to considering a comprehensive cap-and-trade and energy bill.

Senate Majority Leader Harry Reid (D-Nev.) is expected to marry the Kerry-Boxer bill up with language from five other committees, including legislation passed in Bingaman's committee earlier this year (S. 1462) that includes a nationwide renewable electricity standard and a raft of other energy incentives, including a provision that could bring oil and gas rigs closer to Florida's Gulf Coast.

Kerry and Sens. Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.) are also working on several potential compromise items, including provisions for nuclear power and domestic oil and gas exploration.

Reid has said he wants to have a climate debate before the end of the year, though he has also hinted that the issue could be punted until next year. For now, Boxer said she is on track to attend U.N. climate negotiations in mid-December in Copenhagen, Denmark. But the senator said she is also open to a quick change in plans in the off chance that there is a floor debate on the climate bill.

"I'm scheduled to go," Boxer said. "But if I have to be here to do climate change, I'm going to do climate change."

Schedule: The hearing is tomorrow at 10 a.m. in 366 Dirksen.

Witnesses: Douglas Elmendorf, director, CBO; Richard Newell, administrator, EIA; Larry Parker, specialist in energy and environmental policy, Congressional Research Service; and Reid Harvey, chief, climate economics branch, climate change division, U.S. EPA.

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### **Federal scientists: Limit offshore drilling plans**

LA Times, October 12, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-ocean-drilling12-2009oct12,0,2819272.story>

Citing danger to marine life, the National Oceanic and Atmospheric Administration opposes opening large tracts of coast to drilling and recommends buffer zones off Santa Barbara.

By Jim Tankersley and Josh Meyer

Reporting from Washington - The federal government's top ocean scientists are urging the Interior Department to drastically reduce plans to open the coast to offshore oil and gas drilling, citing threats to marine life and potentially devastating effects of oil spills in Arctic waters.

FOR THE RECORD: The headline on an earlier online version of this story incorrectly said that federal scientists oppose drilling plans. Although they have urged that the plans be curtailed, they have not opposed drilling entirely.

The recommendations by the National Oceanic and Atmospheric Administration are informal and not binding. But if adopted, they would restrict development in some of the nation's most resource-rich untapped offshore areas and mark a significant departure from the pro-drilling policies of the George W. Bush administration. They also give added -- and official -- weight to environmentalists' concerns.

In a letter sent to Interior officials last month, NOAA recommended excluding large tracts of the Alaska coast, the Atlantic seaboard and the Gulf of Mexico from Interior's draft offshore drilling plan for 2010 to 2015.

NOAA recommends establishing buffer zones around the Southern California Ecological Preserve off Santa Barbara. In addition, it suggests that its broader recommendations, such as taking greater account of drilling's effects on marine life, could affect potential lease sales off California.

The agency calls for a ban on drilling in the Arctic until oil companies greatly improve their ability to prevent and clean up oil spills. And it asks Interior to delay new drilling plans until an Obama administration ocean policy task force completes its work late this year.

The comments, dated Sept. 9 and obtained by the Washington Bureau, were included in a letter to Interior officials from NOAA Administrator Jane Lubchenco. They include an often sharp critique of the offshore leasing plan, developed under Bush, that would open swaths of the California coast and other areas to new drilling.

NOAA says the leasing plan's assessment of the risks of drilling, such as oil spills, is "understated and generally not supported or referenced."

For example, in Alaska's North Aleutian Basin and Chukchi Sea, the agency says it is "very concerned about potential impacts to living marine resources and their habitats, viable commercial and recreational fisheries, and subsistence use of marine resources as a result of future lease sales, exploration, and development."

The recommendations echo concerns raised by an array of environmental and local community groups, fishermen, Alaska Natives and scientists, said Dr. Richard Steiner, a marine biologist at the University of Alaska who has battled Interior over Alaska offshore drilling.

"The significance is that here we have one federal agency supporting what we have been saying all along regarding the push to lease offshore in Alaska," he said. The agency's comments, Steiner added, "put Interior in a corner in all of this."

The recommendations reflect the ascendance at NOAA of environmentalists such as Lubchenco, a marine ecologist who has been outspoken on ecosystem issues and climate change.

"It is refreshing to hear the voices of marine scientists who were silenced for the past eight years," said Jeff Ruch, executive director of Public Employees for Environmental Responsibility, which has publicized documents that show Bush officials overruling or downplaying environmental concerns.

"If NOAA's warnings are not heeded," Ruch added, "Interior's offshore leasing plans will again be ensnared in litigation."

NOAA urges the Minerals Management Service -- the Interior division that handles offshore drilling -- to consider ocean ecosystems, coastal communities and other environmental factors when finalizing a leasing plan.

The agency stresses the challenges of cleaning up an oil spill in remote, icy waters, which NOAA says would be substantially more difficult than cleaning up a spill elsewhere.

The recommendations highlight the competing pressures on Interior Secretary Ken Salazar as he weighs whether to amend the Bush-era leasing plan.

Republicans have accused Salazar of dragging his feet and stalling domestic energy production, in part because he extended the time for the public to comment on the plan.

Rep. Doc Hastings of Washington, the top Republican on the House Natural Resources Committee, recently accused the administration of placing "a de facto ban on offshore drilling."

The comment period ended last month, with more than 450,000 submissions, including some from conservation groups, governors and industry representatives.

In a comment representative of the oil industry, BP America enthusiastically supported the Bush plan, writing: "The oil and gas exploration and development sector has a strong record of environmental and safety performance. We believe that if new areas are opened, they can be leased, explored and developed safely and in an environmentally sensitive manner."

Through a spokeswoman, Salazar remained noncommittal Sunday about the NOAA recommendations. Kendra Barkoff said in a statement that the secretary "welcomes the ongoing input and expertise of NOAA and other federal agencies and looks forward to continuing these discussions as he moves toward decisions that will help us build a comprehensive, responsible offshore energy strategy for the country."



Last month, in a news release announcing the end of the comment period, Salazar said the future leasing plan "must take into account several key considerations, including areas of the ocean that are critical to military training and the nation's defenses; other economic benefits of the oceans, including fisheries, tourism, and subsistence uses; environmental considerations; existing oil and gas infrastructure; interest from industry; and the availability of scientific and seismic data."

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### **NOAA Raises Red Flags on Aggressive Offshore Drilling Plan**

Commondreams.org, October 12, 2009; <http://www.commondreams.org/newswire/2009/10/12>

#### Exclusion Zones, Buffers and Oil Spill Protections Would Scale Back Lease Schedule

WASHINGTON - October 12 - The National Oceanic & Atmospheric Administration urges that an ambitious lease schedule for oil and gas drilling on the Outer Continental Shelf be dramatically cut back, according to official comments posted today by Public Employees for Environmental Responsibility (PEER). NOAA recommends safeguards for fisheries, marine mammals and coastal populations that would significantly dial down the number and size of offshore tracts offered for exploration and development leasing.

The NOAA comments were filed on September 21, 2009, the comment deadline for the Draft Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2010-2015 issued by the Interior Department's Minerals Management Service (MMS). That plan issued in January reflects the pro-drilling approach of the outgoing Bush administration. It would offer 12 large lease areas (4 in Alaska, 3 in the Atlantic, 2 in the Pacific and 3 in the Gulf of Mexico) covering much of the American OCS.

In its comments, NOAA laid out positions not heard during the Bush years, including:

- Exclusionary zones that would block lease sales in the Northern Aleutians (including Bristol Bay), near shore in the Chukchi Sea, as well as all the proposed Atlantic and Eastern Gulf tracts;
- Buffer zones that would bar drilling "around national marine sanctuaries, Habitat Areas of Particular Concern, Critical Habitat for endangered and threatened species, major fishing grounds and to provide visual buffers to coastal areas dependent upon tourism"; and
- A moratorium on any Arctic Ocean drilling until much better oil spill prevention and response capability is in place. NOAA also contends that MMS understates the expected frequency of and risk from spills, generally, noting aftereffects of Hurricanes Katrina and Rita among other factors.

"It is refreshing to hear the voices of marine scientists who were silenced for the past eight years," stated PEER Executive Director Jeff Ruch, whose organization released a stream of suppressed emails and other internal communications about negative effects of noise, invasive species and other effects in Arctic waters that are now reflected in the NOAA comments. "The question now is whether NOAA's precautionary approach will drive federal policy or be run over by Interior."

In February, incoming Interior Secretary Ken Salazar invited public as well as interagency comment on the plan. Salazar has identified "energy independence" as his top priority. In addition to expanded OCS exploration, Salazar is promoting non-conventional energy developments offshore, as well as drilling.

The NOAA comments state that OCS renewable energy planning is vague, lacks baseline resource data, and is not coordinated with oil and gas planning. NOAA also faults the failure to consider impacts from climate change including "shoreline erosion" and sea ice reduction in the Arctic.

Professor Rick Steiner, a marine conservation specialist at the University of Alaska, applauded the NOAA comments. "NOAA's recommendations echo concerns voiced for years by Alaska's Inupiaq people, scientists, and fishermen regarding the real risks of offshore oil. The issue is whether Interior will allow industry to drill anywhere it wants or whether marine ecosystems will be protected from the inherent risks that accompany offshore petroleum drilling."

"To avoid conflict, the Obama White House has thus far straddled the fence without taking firm stands on the underlying elements of a coherent oceans policy," added Ruch, noting that NOAA has, for example, ruled out designation of new national marine sanctuaries or monuments in the Arctic that would preclude drilling. "Decision time is approaching, however. If NOAA's warnings are not heeded Interior's offshore leasing plans will again be ensnared in litigation."

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## Kerry-Graham seen as 'game-changer' in push for 60 votes

Greenwire, October 12, 2009; <http://www.eenews.net/Greenwire/2009/10/12/1/>

Darren Samuelsohn

Efforts to pass a comprehensive energy and global warming bill got a big boost over the weekend when Sens. John Kerry (D-Mass.) and Lindsey Graham (R-S.C.) defined a broad bipartisan agreement on legislation that they think can pass the Senate.

The two senators had signaled to reporters last week that they were working toward consensus on one of the signature items of the Obama administration's domestic agenda (E&E Daily, Oct. 7). And they took it a step further with a joint op-ed published yesterday in The New York Times that highlighted their military service and the link between the economy, national security and climate change and energy.

"Our partnership represents a fresh attempt to find consensus that adheres to our core principles and leads to both a climate change solution and energy independence," the Massachusetts Democrat and South Carolina Republican wrote. "It begins now, not months from now -- with a road to 60 votes in the Senate."

Kerry and Sen. Barbara Boxer (D-Calif.) unveiled draft climate legislation (S. 1733) earlier this month without a Republican co-sponsor. While Graham spokesman Kevin Bishop said today that his boss still has not signed up for that proposal, the two-term senator is now clearly on record pledging to play a major role in key areas of compromise, including nuclear power, offshore drilling and a border tax on items produced in countries that avoid high environmental standards.

Environmentalists tracking the climate debate said that the Kerry-Graham partnership represented a significant breakthrough.

"I believe this is what some might call a game-changer," Josh Dorner, a spokesman for Clean Energy Works, said in an e-mail late Saturday night, just minutes after the article first appeared on The New York Times' Web site. Clean Energy Works is a coalition of about 60 or so environmental and religious groups pushing for passage of the climate bill.

"The odds of a Senate climate bill just jumped through the roof," Joe Romm, a senior fellow at the Center for American Progress, wrote yesterday on his blog, Climate Progress. "Now the Senate needs to get off its butt and get this done."

Romm predicted Graham's efforts would lead to at least three more GOP votes on the climate proposal -- Sens. John McCain of Arizona and Olympia Snowe and Susan Collins of Maine -- all past supporters of cap-and-trade legislation. It also could pave the way for three others -- Sens. Richard Lugar of Indiana, George Voinovich of Ohio and Lisa Murkowski of Alaska -- who have expressed varying levels of concern in recent months over the push to set strict new environmental standards.

Even some industry representatives said the partnership could tweak the odds in favor of passage.

"Bottom line: The senators' position is a definite step forward," said Scott Segal, an attorney at Bracewell & Giuliani who represents power providers and manufacturers. "They have outlined many of the key issues that need to be resolved in order to achieve political consensus behind a bill, and that's very useful."

'We speak with one voice'

Kerry has only recently emerged as the lead voice for Senate Democrats on the climate bill, taking on a position many thought would fall this year to Boxer. The party's 2004 presidential nominee meets regularly with swing-vote lawmakers, and last week he said he used an Oval Office visit to press President Obama for more help on the bill.

The moderate Graham in recent months has bucked his party's leadership on the confirmation of Supreme Court Justice Sonia Sotomayor and by criticizing FOX News commentator Glenn Beck. A former four-term congressman from South Carolina's conservative northwestern corner, Graham has repeatedly said he believes in the science linking humans to global warming and has been among a handful of moderate Republicans that E&E counts as on the fence when looking at a possible path to 60 votes.

At the same time, Graham voted in 2003 and in 2005 against Senate climate legislation authored by McCain and Sen. Joe Lieberman, now an independent from Connecticut. Graham also sided with Republican leaders last summer against moving ahead on a climate bill from Lieberman and Sen. John Warner (R-Va.).

In their editorial, Kerry and Graham explain that their partnership could have traction because of their different political backgrounds.

"It's true that we come from different parts of the country and represent different constituencies and that we supported different presidential candidates in 2008," they wrote, referring to the White House race between Obama and McCain. "We even have different accents. But we speak with one voice in saying that the best way to make America stronger is to work together to address an urgent crisis facing the world."

Turning to the details, they promise to "take advantage of nuclear power" through a streamlined permit system "that maintains vigorous safeguards while allowing utilities to secure financing for more plants."

"We must also do more to encourage serious investment in research and development to find solutions to our nuclear waste problem," they wrote.

Kerry and Graham offered an olive branch to traditional fossil fuels, urging the United States to "aim to become the Saudi Arabia of clean coal" and to reach agreement on "new financial incentives for companies that develop carbon capture and sequestration technology."

And they also cite the work of a bipartisan Senate group that last year outlined proposals on onshore and offshore oil and gas exploration. "Any exploration must be conducted in an environmentally sensitive manner and protect the rights and interests of our coastal states," the senators wrote.

Touching a hot-button issue on the international stage, the senators said they would consider a border tax on items produced in countries that avoid high environmental standards. "This is consistent with our obligations under the World Trade Organization and creates strong incentives for other countries to adopt tough environmental protection," they said.

And on the economic costs of a climate bill, they offer a broad outline that suggests some tweaks to the original Kerry-Boxer proposal released earlier this month. "Finally, we will develop a mechanism to protect businesses -- and ultimately consumers -- from increases in energy prices," they wrote. "The central element is the establishment of a floor and a ceiling for the cost of emission allowances."

Threat of EPA regulation merits action, senators say

In their op-ed, the two senators make a pitch to conservative Republicans to get on board.

"Even climate change skeptics should recognize that reducing our dependence on foreign oil and increasing our energy efficiency strengthens our national security," they said. "Both of us served in the military. We know that sending nearly \$800 million a day to sometimes-hostile oil-producing countries threatens our security. In the same way, many scientists warn that failing to reduce greenhouse gas emissions will lead to global instability and poverty that could put our nation at risk."

And they also hit on a line repeated often during the House debate by Virginia Rep. Rick Boucher, the coal-state Democrat who provided a critical boost leading to floor passage in June of that chamber's own comprehensive energy and climate bill, H.R. 2454.

"Failure to act comes with another cost," they said. "If Congress does not pass legislation dealing with climate change, the administration will use the Environmental Protection Agency to impose new regulations. Imposed regulations are likely to be tougher and they certainly will not include the job protections and investment incentives we are proposing."

"The message to those who have stalled for years is clear: killing a Senate bill is not success; indeed, given the threat of agency regulation, those who have been content to make the legislative process grind to a halt would later come running to Congress in a panic to secure the kinds of incentives and investments we can pass today," they added. "Industry needs the certainty that comes with Congressional action."

But Segal predicted that some of the compromises proposed by Kerry and Graham on energy issues could lead to problems with liberal Democrats.

"I am not sure that those senators most enthusiastic for quick climate change legislation will tolerate either streamlined permitting for nuclear plants or expanded offshore drilling," Segal said. "While these concepts make great sense as energy policy, one could easily see votes dropping off in equal measure to votes being gained, were they included."

The bill in the op-ed is also much different than the proposal Boxer is looking to move later this fall in the Environment and Public Works Committee, Segal noted. "There would have to be substantial revision, with a high degree of political difficulty," he said.

Boxer said through a spokesman that Kerry told her last week about the partnership with Graham. "This," she added, "is a great move forward toward getting the 60 votes we need."

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