



## BRIEF ON CLIMATE & SUSTAINABILITY

October 16, 2020

### DEVELOPMENTS IN CONGRESS

- ***Feinstein to Chevron: Support Methane Emission Regulations, Stop Drilling in Arctic.*** Senator Dianne Feinstein (D-Calif.) called on Chevron to support strong methane emissions regulations and oppose drilling in the Arctic.
  - “Recent media reports indicate that Chevron is the only major petroleum company to oppose methane emissions regulations and to authorize drilling in the Arctic,” Senator Feinstein said in a [letter](#) to Michael K. Wirth, chairman and CEO of Chevron.
  - She continued, “While other oil and gas companies have supported stricter limits on methane emissions, Chevron sought to avoid federal regulation, both in a 2017 letter and in a July 2020 meeting pursuant to Executive Order 12866.”
- ***Casten Introduces Bill to Eliminate Emissions from Electricity and Thermal Energy.*** Rep. Sean Casten (D-IL-06) introduced a bill, the Tradeable Performance Standard Act, aimed at decreasing emissions from thermal energy and electricity by 40%, according to a [release](#).
  - The bill decarbonizes the electric and industrial thermal energy sectors by creating carbon intensity standards for each sector that decline each year.
  - Energy producers who emit more than the standard would have to purchase emission allowances from those who emit less – and the dirtiest producers will have to purchase more emissions than any others.
- ***Bipartisan Lawmakers Push for Nuclear Language in NDAA.*** Sen. [Lisa Murkowski](#) (R-Alaska) and Rep. [Elaine Luria](#) (D-Va.) led a bipartisan [letter](#) to leadership of the House and Senate Armed Services committees urging the inclusion of the text of the Nuclear Energy Leadership Act ([S. 903](#); [H.R. 3306](#)) in the final fiscal 2021 defense policy measure ([S. 4049](#); [H.R. 6395](#)). Language from the bill is included in the Senate-passed defense authorization measure.
  - Lawmakers are currently in conference, or negotiating, the final version of the must-pass measure, which likely won’t be passed until after the Nov. 3 election.

### TRUMP ADMINISTRATION ACTIONS

- ***Trump Creates Federal Council on Global Tree Planting Initiative.*** President Trump on Tuesday signed an executive order involving the federal government in a global tree planting initiative that already has private sector participation in the U.S.
  - The executive order creates a council that’s in charge of “developing, coordinating, and promoting Federal Government interactions with the Initiative with respect to tree growing, restoration, and conservation.”

- The council will also create methods to track and measure the number of trees planted, conserved or restored and address any laws and regulations that get in the way of these actions.
- ***Trump Creates "Water Subcabinet."*** In an executive order on Tuesday, President Trump a "water subcabinet" chaired by the Interior secretary and EPA administrator that is meant to coordinate across the agencies with a hand in water infrastructure, supplies and quality.
  - Such a group has informally existed for months, with meetings spearheaded by EPA Water Chief David Ross, Bureau of Reclamation Commissioner Brenda Burman, Agriculture Under Secretary for Farm Production and Conservation Bill Northey and Assistant Secretary of the Army for Civil Works R.D. James.
- ***White House Slows Solar Tariff Drop for Final Year.*** The White House on Saturday issued a proclamation that will set the tariff on solar panels and cells at 18% starting in February, rather than letting it fall to 15% as scheduled. The tariff began at 30% in 2018 and stepped down 5 percentage points each year and is presently at 20%.
  - The decision comes as part of a legally required mid-term review of the tariff. Perhaps more concerning for the industry, the proclamation also calls on the International Trade Commission to conduct another investigation to see if the tariffs are increasing domestic solar manufacturing.
  - The commission could potentially extend the tariff if it finds that U.S. production is not being adequately protected.
- ***Trump Administration's Second Bid to Expand Solar Duties Blocked.*** The Trump administration's second bid to expand tariffs on solar power models was blocked by the U.S. Court of International Trade yesterday due to procedural deficiencies. The administration in 2018 announced four-year "safeguard" tariffs on imports of solar power cells and modules, with the stated purpose of protecting domestic manufacturers from surging imports.
- ***Green Group Pushes for Answers on Delayed Climate Report.*** The Center for Biological Diversity is seeking documents from the Trump administration to explain why the Fifth National Climate Assessment has already been delayed. The report, released every four years, often paints a dire picture while summarizing the breadth of science on climate change.
  - Though due in 2022, the website for the report already anticipates delivery by the end of 2023. Critics have said they are concerned the administration may be intentionally delaying the report following an article in E&E News last week that the administration had not yet put out a call for the researchers who help draft the assessment.
  - "Refusing to take the basic steps to prepare the next Climate Assessment is outrageous and dangerous," Howard Crystal, a senior attorney at the Center for Biological Diversity, said in a release.
- ***New EPA Guidance Memo for Power Plants.*** EPA signed a guidance memo last week declaring that states can implement rules that allow power plants and refineries to avoid punishment for exceeding pollution limits during startup, shutdown and malfunctions.
  - Under the memo, EPA argues it was wrong to bar exemptions or affirmative defense provisions from state air plans under the National Ambient Air Quality Standards program because of redundancies in how those pollutants are regulated and the need for "state autonomy and flexibility" under the program. The memo sets the stage for EPA to pick apart an Obama-era action that would have forced 36 states to remove those pollution exemptions from their plans that have shielded the plants from civil penalties.
- ***EPA Challenged Over 'Weak' Emissions Limits for Chemical Plants.*** The EPA's rule setting emissions limits for chemical plants will leave people in the surrounding areas exposed to an unacceptable

level of cancer risk, according to environmental and community groups who filed a petition for review in the D.C. Circuit.

- The petition filed in the U.S. Court of Appeals for the District of Columbia Circuit Tuesday challenges the agency's final rule issued in August that sets national emissions standards for hazardous air pollutants emitted from miscellaneous organic chemical manufacturing facilities. Groups who joined the petition include the Sierra Club, Union of Concerned Scientists, and Air Alliance Houston.
- ***Harris Pushes Barrett on Facts of Climate Change.*** Sen. Kamala Harris (D-Calif.), the Democratic vice-presidential nominee, asked Supreme Court nominee Amy Coney Barrett during yesterday's confirmation hearing if she believes in climate change as a matter of fact and if she would defer to scientists in relevant judicial decisions.
  - Barrett said yes, she would defer to agency experts when required by law under the Administrative Procedure Act of 1946. Harris then asked a series of yes or no questions before asking Barrett if she believed "climate change is happening." Barrett pushed back on Harris's attempt to pin down her response regarding climate change as a fact.
  - "You have asked me a series of questions that are uncontroversial, like whether Covid-19 is infectious and whether smoking causes cancer," Barrett said. "And then trying to analogize that to elicit an opinion from me that is on a very contentious matter of public debate. And I will not do that."
- ***Trump Officials Accused of Defying Court to Keep Building Wall.*** The Trump administration continues to blast and bulldoze in Arizona and California to build a U.S.-Mexico border wall in violation of a court order to cease construction, environmental and civil rights groups said.
  - A federal appeals court last week rejected the administration's attempt to divert funds to pay for the wall, ruling it isn't related to military construction. The Trump administration wrongly asserts that a previous court order allowing construction while the litigation was in progress is still in effect, according to the Sierra Club and other groups.
  - The administration "will continue to use the funds at issue to blast and bulldoze dozens of miles of land in western Arizona and central California and raise thirty-foot walls, irreversibly damaging landscapes even if the wall is eventually removed," the groups said in a court filing.
- ***NOAA Moves to Protect Deep-Sea Coral Off Florida Coast.*** The National Oceanic and Atmospheric Administration has published a final rule that protects 13 coral areas including reefs and canyons encompassing nearly 500 square miles of habitat along the Gulf of Mexico. The move prohibits heavy-duty deep-fishing gear and equipment, including bottom trawls that drag across the ocean floor, in the affected areas.

## ENERGY ECONOMY NEWS

- ***Four Big Takeaways from the IEA's World Energy Outlook.*** Once a year, the International Energy Agency attempts to impose some order on the chaotic world of oil, gas, power and carbon by publishing detailed scenarios on how the next few decades might unfold. Here are the four big takeaways from the 2020 World Energy Outlook, published on Tuesday:
  - Predicting the future of energy is an even greater challenge than usual this year, coming after what the IEA described as a disruption not seen since "World Wars and the Great Depression."
  - Coal will probably never return to pre-pandemic levels of demand. By 2040, coal's share of the energy mix will fall below 20% for the first time since the industrial revolution.

- It is still too early to foresee a rapid decline in oil demand, predicting that petroleum consumption regaining pre-pandemic levels by the latter part of this decade, and plateauing there in the 2030s.
- Achieving the goal of net-zero greenhouse gas emissions by 2050 is an even bigger challenge than it was pre-pandemic. To reach net-zero emissions, governments, energy companies, investors and citizens all need to be on board – and will all have unprecedented contributions to make.
- ***Solar Stocks Tumble After Trump Moves to Cut Tariff Loophole.*** Solar manufacturers and installers fell sharply Monday after President Donald Trump moved to eliminate a loophole his administration granted in 2019 that's helped companies avoid tariffs on double-sided panels. Manufacturer Canadian Solar Inc. dropped as much as 11%, the most in intraday trading in a month.
  - Sunrun Inc., America's largest residential solar company, also fell as much as 11% and JinkoSolar Holding Co. slipped as much as 9.6%.
  - Solar power's "economics just got worse," Gordon Johnson, an analyst at GLJ Research, said in an interview. "Demand's not going to be as strong."
  - The Trump administration has pushed for a year to revoke the tariff exemption on so-called bifacial panels, but earlier efforts have been stymied. Its latest move, a proclamation issued Saturday, would scrap the exemption within 15 days -- "unless there is a judicial intervention," said Philip Shen, an analyst at Roth Capital Partners, in a research note.
- ***Wall Street Set for Oil Trading Caps That Could Have Been Worse.*** Traders are about to be hit today with new U.S. rules they've long resisted: the first-ever federal restrictions on how much hedge funds and other firms can speculate on key commodities such as oil and metals.
  - Yet there is a silver lining in having the regulations finished while appointees of President Donald Trump are running government agencies. The measures are softer than what was put forth when Barack Obama was president or what might be on the table should Joe Biden capture the White House next month.
- ***Mortgage Companies Take Closer Look at Climate.*** New U.S. government-backed research shows housing markets are beginning to respond to damages from climate change-fueled floods, storms and disasters. Mortgage companies Fannie Mae and Freddie Mac recorded changes in home sales prices and an uptick in mortgage defaults among damaged properties in Texas after 2017's Hurricane Harvey.
  - Freddie Mac found housing prices inside the federal floodplain fell sharply compared to those outside the vulnerable zone, after the storm. Separately, Fannie Mae discovered homes outside the 100-year floodplain — which aren't required to have flood insurance — were more likely to experience mortgage defaults after severe flood damage.
  - "In general there has been increasing concern on increasing flood and storm risk on mortgage markets," said Carolyn Kousky, executive director of the University of Pennsylvania's Wharton Risk Management and Decision Processes Center.

#### CORPORATE SUSTAINABILITY UPDATES

- ***Microsoft, Equinor Collaborate on Norway CO2-Storage Project.*** Microsoft, which has the goal of becoming carbon-negative by 2030, signed a letter of intent with Equinor ASA to collaborate on a project to store carbon dioxide underground in Norway.
  - The software giant is looking at the Northern Lights project, which would capture carbon dioxide from industrial plants in the Oslo-fjord region, liquefy it and transport it offshore for storage in reservoirs beneath the North Sea, according to a joint statement on Wednesday.

- Equinor, Norway's state-owned energy giant, is collaborating on the development with Royal Dutch Shell Plc and Total SE. Microsoft will look at ways to integrate its software expertise into the project, and ultimately make Northern Lights part of its CO2-reduction portfolio, according to the statement.

## 2020 ELECTION NEWS

- ***Climate Activist Greta Thunberg Backs Joe Biden.*** Teen climate activist Greta Thunberg endorsed Democratic presidential nominee Joe Biden on Saturday, asking her Twitter followers to cast a vote for him in the upcoming November election. "I never engage in party politics. But the upcoming US elections is above and beyond all that," Thunberg tweeted, along with an editorial from the Scientific American urging people to avoid voting for President Donald Trump.
  - The 17-year-old is an activist from Sweden who made headlines for leading climate strikes across the country. She also interrogated large organizations and groups like the United Nations and the US Congress on climate change policy and is regarded as the face of the youth climate movement.
- ***Biden Could Support Carbon Tax and Tariff.*** Joe Biden is likely to support legislation to impose carbon tariffs on imports and tax domestic coal, oil and gas production, an informal adviser to his campaign said Tuesday.
  - "There is ... legislation that I think is likely to gain support from a Biden administration to impose a carbon tax in the United States that would also have as part of it an import border adjustment as well as an export rebate," Jennifer Hillman, a senior fellow at the Council on Foreign Relations and informal Biden adviser, said.
  - The tax-and-tariff plan would be combined with regulatory actions like stricter limits on methane emissions, tougher fuel economy standards for cars, and other aspects of Biden's \$2 trillion climate plan.
  - Biden camp mum: The Biden campaign would not weigh in on Hillman's comments, but a spokesperson noted she is not a formal campaign adviser and that Biden's climate plan goes no further than calling for an "enforcement mechanism" to limit carbon emissions.
- ***Biden Eyes Trade Agenda to Combat Climate Change.*** Joe Biden and key Democrats in Congress say they want to use the trade agenda to fight global warming if they win the White House and Senate next month Biden's trade agenda calls for a global ban on fossil fuel subsidies, new trade deals to include climate commitments, and import tariffs on goods that produce a lot of carbon. Key trade leaders say they are on board. If they are successful, the moves could add financial teeth to global climate commitments that so far have only been voluntary.
  - "I'm confident that we'll be able to work with a Biden administration to, in a cooperative way, make sure that we are taking into account carbon emissions," said Rep. Earl Blumenauer (D-OR-03), head of the House Ways and Means trade subcommittee. "We can look at things like having a carbon border adjustment tariff, so that we don't have countries importing or exporting carbon pollution."
  - Biden's camp has so far been reluctant to detail how he would seek to curb carbon emissions. But his "Buy American" plan endorses a "carbon adjustment fee" applied at the border — an idea popular with trade leaders in both chambers.

## NEW CLIMATE CHANGE STUDIES

- ***Carbon Dioxide Emissions May Not Surpass 2019 Levels Until 2027.*** Global carbon dioxide emissions are expected to increase after the pandemic, but may not exceed 2019 levels until

2027, according to a projection from the International Energy Agency (IEA). Demand for energy has decreased since the start of the pandemic for reasons including reduced air and vehicle travel. The IEA, which pushes for a “sustainable energy future,” projects a 7 percent drop in energy-related carbon dioxide emissions in 2020 amid reductions in fossil fuel use. The analysis predicted a decline in annual CO2 emissions to where they were a decade ago. However, it says there “may not have been” a similar fall in emissions of methane, a more powerful greenhouse gas.

- ***Climate Change a Factor in Most of the 7,000 Natural Disasters Over Last 20 Years.*** There were more than 7,000 extreme weather events since 2000, a major increase over the previous 20 years due in part to climate change, according to a Monday report from the United Nations. “Much of the difference is explained by a rise in climate-related disasters including extreme weather events: from 3,656 climate-related events (1980-1999) to 6,681 climate-related disasters in the period 2000-2019,” according to the report, which was released ahead of the International Day for Disaster Risk Reduction.
  - "It is baffling that we willingly and knowingly continue to sow the seeds of our own destruction, despite the science and evidence that we are turning our only home into an uninhabitable hell for millions of people," Mami Mizutori, head of the U.N. Office for Disaster Risk Reduction, wrote in the report's forward.
- ***Earth Has Warmest September on Record.*** The planet just recorded its hottest September since at least 1880, according to three of the authoritative temperature-tracking agencies in the world. The data, most of which was released Wednesday, shows that 2020 is on track to be one of the hottest years on record, with the possibility of tying or breaking the milestone for the hottest year, set in 2016.
  - In addition, 2020 is likely to be the hottest year when a La Niña event was present in the tropical Pacific Ocean, which tends to lower global temperatures slightly. According to the National Oceanic and Atmospheric Administration, the average global temperature in September was 1.75 degrees (0.97 Celsius) above the 20th-century average, surpassing previous records for the month that were set in 2015 and 2016 by about 0.04 degrees (0.02 Celsius). The 10 warmest Septembers have occurred since 2005, and the seven warmest Septembers have occurred in the past seven years, NOAA stated in a [press release](#).
- ***Methane Emissions Up in 2020 Amid Turbulent Year for Oil and Gas.*** Methane emissions have jumped so far this year even as oil and gas production has been hit hard by the coronavirus pandemic. The report from Kayrros, which analyzes methane leaks through satellite imagery, found visible methane emissions jumped 32 percent in the first eight months of 2020 when compared with the same period in 2019.
  - The increase in methane is concerning because of its heat trapping powers — the gas is more than 80 times more potent than carbon emissions over a 20-year period.

#### STATE & LOCAL GOVERNMENT NEWS

- ***California Approves \$384 Million Electric Vehicle Spending Plan.*** The California Energy Commission on Wednesday approved a multi-year, \$384 million [plan](#) to invest in zero-emission vehicles, infrastructure, workplace training, and other clean energy efforts to help the state meet its climate goals. Nearly \$900 million has been allocated over the past 12 years to the Commission’s Clean Transportation Program. This year’s allocations go through 2023 and, for the first time, include a 50% spending goal in low-income and disadvantaged areas. California has some of the worst air quality in the nation, and regulators say electrifying transportation is one way to meet

federal air standards. Its goals include 5 million zero-emission vehicles within a decade and 100% of new passenger vehicle and truck sales being zero-emission by 2035.

- ***FERC Signs Off on State Carbon Pricing.*** At Thursday's meeting, FERC proposed a new rule encouraging state and regional power regulators to set a price on carbon emissions in their markets as a way to promote the development of clean energy.
  - The move comes as states nationwide move to address climate change, adopting carbon pricing and other schemes to lower their emissions, despite a stalemate on the issue in the federal government. The move follows a conference last month in which FERC heard hours of testimony from regulators and analysts about the legal and economic ramifications of FERC's decision making on state carbon pricing, seemingly taking the mantle from Congress, which has not seriously considered legislation controlling greenhouse gas emissions in more than a decade.
  - Chatterjee said in his statement Thursday FERC was not itself setting a carbon price, simply acknowledging states' right to set their own carbon price. But it was also an effort to promote fuel-neutral carbon pricing schemes, of the type endorsed by many oil companies, not subsidies that prop up specific parts of the energy sector.

## INTERNATIONAL NEWS

- ***China Wind Giants Surge More Than 20% on Aggressive Proposal.*** Chinese wind power equipment makers advanced as the industry proposed an aggressive installation plan that would boost capacity 14-fold through 2060 to help the country reach its goal of being carbon-neutral by then.
  - China's biggest wind turbine maker, Xinjiang Goldwind Science & Technology Co., surged 22% in Hong Kong in the biggest increase since August 2014 to make it the best performer in the MSCI China Index. Shandong Shuangyi Technology Co. rallied 20% to a record high in Shenzhen and Titan Wind Energy Suzhou Co. rose 10%.
  - China installed 26 gigawatts in 2019, giving it a total of 210 by the end of that year, the most in the world, according to data from National Energy Administration. The 2060 target would be nearly triple the size of China's coal fleet in 2019, at 1,059 gigawatts.
- ***The Great Barrier Reef Has Lost Half Its Corals.*** Researchers in Australia blamed climate change for the loss, which they said could diminish critical habitats for fish and other marine life. The Great Barrier Reef, one of the earth's most precious habitats, lost half of its coral populations in the last quarter-century, a decline that researchers in Australia said would continue unless drastic action is taken to mitigate the effects of climate change.
  - Researchers studied coral colonies along the length of the reef between 1995 and 2017 and found that almost every coral species had declined. Colony sizes were smaller; there were fewer "big mamas," or older large corals that produce baby corals; and there were fewer of those babies, which are vital to the reef's future ability to breed.
  - "Our results show the ability of the Great Barrier Reef to recover — its resilience — is compromised compared to the past, because there are fewer babies, and fewer large breeding adults," Dr. Andy Dietzel, the lead author of the study, said in a [statement](#). The study was [published](#) on Wednesday in the journal Proceedings of the Royal Society.
- ***Carbon Pricing Experts Tell U.K. a Market Is Better Than a Tax.*** A carbon market linked with the European Union would be a more effective method of reducing pollution in the U.K. after Brexit than an emissions tax, experts on emissions pricing told the British parliament.
  - The remarks at a House of Commons committee on Thursday feed a debate that has split the U.K. government about how to ensure polluters pay for their emissions after the country leaves the European Union. The business department wants a new emissions-

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trading system to replace the one the U.K. will leave after Brexit while the Treasury prefers economy-wide carbon tax.

- “I would opt for a linked EU-UK ETS and building further on that linkages with the rest of the world,” said Jos Delbeke, who served as a senior European Commission climate official until 2018 and is now EIB Chair on Climate Change at the European University Institute in Florence. “The environmental integrity of an emissions trading system is a strong caveat that needs to be underlined.

