



BRIEF ON CLIMATE & SUSTAINABILITY

October 9, 2020

DEVELOPMENTS IN CONGRESS

- ***More Than 60 Democrats Ask Feds to Reconsider Tongass Logging Plan.*** More than 60 Democrats are asking Agriculture Secretary Sonny Perdue to reconsider a plan that would open up previously protected parts of the Tongass National Forest to logging. The Forest Service issued a final environmental impact statement (FEIS) last month laying out its intention to open up more than 9 million Tongass acres to the timber industry.
 - In the letter, the 60 lawmakers from both the House and the Senate said that the Forest Service didn't properly consult with tribes that live in the forest. "The United States Forest Service (USFS) denied native Tribes in Southeast Alaska their requests for the agency to hold face-to-face, government-to-government consultations and subsistence hearings prior to finalizing the FEIS," the lawmakers wrote.
 - "In consideration of the health and welfare concerns of tribal villages the agency should have postponed work on the Final Environmental Impact Statement until it was safe to hold such meetings," they added.
- ***Democrats Release "The Melting Arctic" Report Ahead of Forum on Impacts to People and Wildlife.*** House Natural Resources Committee Chair Raúl M. Grijalva and Committee Democrats released a new report entitled The Melting Arctic: Climate Change Impacts on People and Wildlife. The report provides an in-depth look at the extreme negative impacts the climate crisis has had on the fragile landscape of the Arctic and how the Trump administration's efforts to open the region to oil and gas drilling would further harm the area.
- ***Rep. Grijalva Unveils Discussion Draft of Bill Providing Climate Solutions for U.S. Territories.*** House Natural Resources Committee Chair Raúl M. Grijalva (D-Ariz.) released a discussion draft of legislation to reduce climate crisis impacts on U.S. territories and freely associated states. Chairman Grijalva encouraged local government officials, organizations, and communities to provide feedback on the discussion draft by Friday, Nov. 13. Key features of the discussion draft include:
 - The creation within the Department of Energy (DOE) of an Office of Insular Area Energy Policy and Programs to direct energy management, planning, delivery, and conservation programs in the U.S. Territories.
 - The establishment within the Office of Insular Area Energy Policy and Programs of an Energy Efficient Appliance Rebate Program to provide funding allocations to reduce energy demand in the U.S. Territories.
 - The creation within the National Oceanic and Atmospheric Administration of a Climate Change Insular Research Grant Program to provide grants to institutions of higher education for monitoring, collecting, synthesizing, analyzing, and publishing local climate change data.

- A waiver of non-federal share funding requirements associated with disaster relief and long-term recovery funding made available to U.S. Territories and Freely Associated States pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

TRUMP ADMINISTRATION ACTIONS

- ***Green Groups Lay Out Pendley Actions.*** Sixty environmental and conservation groups drew up a list of wide-ranging actions they contend should be reversed because of the federal court decision that enjoined William Perry Pendley from exercising the authority of director at the Bureau of Land Management. In a [letter](#) to Interior Secretary David Bernhardt on Tuesday, the groups tallied 30 resource management plans — including the Bears Ears National Monument and Grand Staircase Escalante National Monument RMPs — the implementation of Interior's royalty rate relief program, and the records of decisions related to oil and gas leasing and development in the Arctic National Wildlife Refuge.
- ***Court Tosses Obama Methane Rule.*** A federal judge in Wyoming nullified most of an Obama-era rule intended to limit methane emissions from oil and gas operations on public lands. The Trump administration has tried several times to reverse the Obama rule only to suffer setbacks in court, most recently in July. The Environmental Defend Fund, which has led efforts to curb releases of the potent greenhouse gas, said in a statement it was "deeply concerned" by the ruling while the Western Energy Alliance, which represents energy producers, and the Independent Petroleum Association of America, were "overjoyed."

ENERGY ECONOMY NEWS

- ***The Good and Bad for Natural Gas.*** The glut that drove natural gas prices to the lowest level in 25 years early in the summer isn't over yet — and may drive U.S. inventories to their highest-ever levels by the end of the month, according to the Energy Information Administration's [latest short-term outlook](#). EIA estimates that natural gas production declined to 89.4 billion cubic feet per day in September — 5.3 Bcf/d lower than the same time last year.
 - Despite that drop, flagging LNG exports and weak power sector demand have contributed to high natural gas storage levels. The agency estimates that U.S. natural gas inventories at the end of September reached a record high for the month of September, and inventory levels at the end of October could be the highest on record for any month, topping 3.8 trillion cubic feet.
 - EIA also expects that rising demand heading into the winter, coupled with reduced production, will lift natural gas spot prices to \$3.38/MMBtu in January 2021. It predicts average natural gas prices in 2021 will increase more than \$1 from 2020 levels.
- ***Exxon's Market-Value Crown in Energy Passes to Chevron, NextEra.*** Chevron Corp. overtook Exxon Mobil Corp. as the largest oil company in America by market value, the first time the Texas-based giant has been dethroned since it began as Standard Oil more than a century ago. The reordering of the oil giants says more about Exxon than Chevron. The company has been struggling to generate enough cash to pay for capital expenditures, leaving it reliant on debt and putting pressure on its \$15 billion-a-year dividend.
 - It pursued a series of expensive projects that promised growth after years of stagnating production. Those became a drag on its cash flow when the pandemic hit. Chevron has meanwhile fared relatively well, having emerged with the strongest balance sheet among its Big Oil peers. Even so, both Exxon and Chevron are receding into the rear-view mirror of NextEra Energy Inc.

- The world's biggest producer of wind and solar power has now surpassed the oil majors, leading a spectacular rally in power stocks as much of the world shuns fossil fuels to fight climate change.
- **U.S. Canola Industry Wants Its Oil to Earn Renewable Credits.** The U.S. Canola Association wants the federal government to approve the oilseed as a source of renewable fuel, which could feed an expected surge in demand for raw material from processing plants being developed. In March, the group submitted a pathway petition to the U.S. Environmental Protection Agency to add canola renewable diesel as an eligible renewable fuel standards product, said Tom Hance, Washington Representative for the U.S. Canola Association.
 - The petition is not yet publicly available and is under EPA review, according to Hance. If approved, demand for the oilseed — and potentially its price — could rise and spur more imports from Canada, the world's biggest canola grower. It could double the amount of Canada's crop that goes into fuel production, according to the Canola Council of Canada.
- **Electric Car Growth Sparking \$300 Billion Budget Loss for States.** States are being forced to adapt to dwindling tax revenues from sales of gasoline and automobiles that will trigger large shortfalls in their budgets over the next two decades.
 - One economic model suggests the states could lose more than \$300 billion annually by 2040 if they fail to modify their tax codes to adjust to electric and self-driving vehicles. New transportation business models such as shared vehicle ownership and network-owned vehicle organizations will also impact state revenue.
 - Recent actions by states or companies to promote eco-friendly vehicles raise significant questions about the long-term viability of state road funds and the federal Highway Trust Fund.
- **Exxon's Plan for Surging Carbon Emissions Revealed in Leaked Documents.** Exxon Mobil Corp. had plans to increase annual carbon-dioxide emissions by as much as the output of the entire nation of Greece, an [analysis](#) of internal documents reviewed by Bloomberg shows, setting one of the largest corporate emitters against international efforts to slow the pace of warming. The drive to expand both fossil-fuel production and planet-warming pollution has come at a time when some of Exxon's rivals are moving to curb oil and zero-out emissions. Exxon's own assessment of its \$210 billion investment strategy shows yearly emissions rising 17% by 2025, according to internal projections. The emissions estimates predate the Covid-19 pandemic, which has slashed global demand for oil and thrown the company's finances into distress, making it unclear if Exxon will complete its plans for growth.

CORPORATE SUSTAINABILITY UPDATES

- **Apple and Amazon Rank First and Second for Solar Use.** Corporations, including major technology companies and retailers, made "significant" investments in clean energy in 2019, installing 1,283 megawatts of new commercial solar capacity in the U.S. last year, according to a [new report](#) this morning from the Solar Energy Industries Association.
 - That figure marks the second-largest year on record. Apple and Amazon rank first and second, respectively, as top corporate solar users, according to the report, followed by Walmart, which installed the most solar in 2019 and increased its solar use by 35 percent. Facebook, a leading buyer of off-site solar, made the "biggest leap forward" on SEIA's top corporate solar users list, jumping from 27th to 9th.
- **JPMorgan Plans to Set Climate Targets for Financing Portfolio.** JPMorgan Chase & Co. is planning to set emissions targets for its financing portfolio, joining other massive banks in bringing climate goals to its lending activity. The biggest U.S. bank will establish goals to be

achieved by 2030 for each industry in its portfolio, starting with oil and gas, automotive manufacturing and electric power, according to a statement Tuesday. It will begin announcing the targets next year.

- JPMorgan is also working to achieve a net-zero carbon footprint for its own operations starting this year as part of a broader commitment to align its activity with the 2015 Paris climate agreement. The changes send a signal that JPMorgan is thinking more seriously about its role in fighting climate change. In February, the firm said it would tighten its financing policy and pledged to stop advising or lending to companies that get the majority of revenue from the extraction of coal.

2020 ELECTION NEWS

- ***Catching a Green Wave.*** Five leading environmental groups announced a joint effort Friday to draw voters to the polls in support of former Vice President Joe Biden and 30 other Democratic candidates for federal offices in the waning weeks of the 2020 election. The initiative, dubbed Green Wave 2020, will be staffed by 70 professional organizers across 15 states and will use the green groups' members to contact hundreds of thousands of voters via phone and text banking.
 - The effort brings together the Sierra Club, the League of Conservation Voters, Environmental Defense Fund Action, the Natural Resources Defense Council Action Fund and the National Wildlife Federation Action Fund. The groups said they're looking to help four Democratic Senate candidates: Mark Kelly in Arizona; Sen. Gary Peters in Michigan; Rep. Ben Ray Lujan in New Mexico and John Hickenlooper in Colorado. The down-ballot targets mix efforts to aid incumbent Democrats across the ideological spectrum while also targeting new opportunities to flip seats and expand the Democrats' majority in the House.
- ***Green Groups Infuse Cash into Montana Senate Race.*** EDF Action Votes, the political arm of the Environmental Defense Fund, yesterday launched an \$800,000 "persuasion and get out the vote mail program" in the contest between Sen. Steve Daines (R-Mont.) and Gov. Steve Bullock (D), Kellie Lunney reports. The effort will run until the Nov. 3 election and aims to boost Bullock. Last month, EDF Action Votes teamed up with the League of Conservation Voters Victory Fund in a \$3 million television ad campaign attacking Daines for his record on public lands and ties to billionaire landowners.
- ***Biden Considering Climate Czar for White House.*** The Democratic nominees in considering appointing a senior adviser to oversee energy and climate policy across the government if he wins next month's election. There's no firm list of who might occupy such a post, but former Obama adviser John Podesta and former Secretary of State John Kerry have both been bandied about. But as Charlie Riedl, head of the Center for Liquefied Natural Gas put it, "There would not be a shortage of candidates for that." The role would be intended to ensure the climate crisis receives its due attention in a possible Biden White House.
 - "A climate czar is under serious discussion, but it has not been formally decided," said David Goldwyn, a former Obama administration official who has been following the discussions occurring inside the Biden team.
- ***Infrastructure Week! (If Biden Wins).*** Rep. Peter DeFazio (D-OR-04) said Team Biden plans to move fast on an infrastructure bill if they take the White House and Dems hold the House. Both Biden and DeFazio have long linked a big transportation bill with action on climate change. "I've already had conversations with the Biden folks. They like the bill," DeFazio said during an ITS America conference on Wednesday. And they "say they want to move in February on infrastructure. We've got a framework for them that would work," he added.

- ***Senator Eyed as Potential Biden Interior Chief.*** Retiring Senator Tom Udall (D-NM) is leading a short list of candidates to run the Interior Department if Joe Biden wins the presidency next month -- a role that would put him to work in a building named for his father. Udall would consider the role if asked, according to people familiar with the matter who sought anonymity to discuss the personnel search.
 - "It's hard to find someone who's been a bigger champion of public lands than Tom Udall, whether you're talking about in his state, New Mexico, or nationwide, advocating for the Arctic refuge and fighting climate change," said Athan Manuel, director of the Sierra Club's land protection program. "It's in his genes."
- ***Climate Change in VP Debate.*** Climate change drew a meaty exchange at Wednesday night's debate, giving Sen. Kamala Harris (D-Calif.) the chance to hit the Trump administration for a lack of action on the crisis and to praise Biden's plan to expand clean energy. Pence fired back that Trump had expanded the economy and that Harris was a co-sponsor of the Green Deal resolution, which he said would drive up utility bills. "It literally would crush American jobs," he said.
 - When asked if he believed climate change science Pence ducked and said, "the issue is, what is the cause, and what do we do about it?" He then pivoted to accuse the Democratic ticket of seeking to end fracking, an issue on which Harris and Biden disagreed during the Democratic primary. Harris didn't acknowledge her previous position, and instead turned to the camera and declared "Joe Biden will not ban fracking."
 - But Harris said she and Biden would take strong action to fight the "existential threat" of climate change. Asked if he agreed that climate change posed an existential threat, Pence retreated to the GOP boilerplate language "As I said, the climate is changing. We'll follow the science," he said.

NEW CLIMATE CHANGE STUDIES

- ***California Blackouts Caused by Climate Change, Poor Planning, and Market.*** Analysis published Tuesday by California's energy agencies said the state's first rolling blackouts in almost two decades were triggered by climate change, poor short- and long-term planning that led to inadequate supply and market deficiencies.
- ***U.S. Has Tied Record for \$1 Billion Disasters with Months to Go.*** The U.S. in 2020 has already seen 16 climate-related disasters that caused more than \$1 billion in damage each, according to the National Oceanic and Atmospheric Administration. That ties the record shared by 2011 and 2017—after only nine months. The annual average for 2015 to 2019 was 13.8 billion-dollar events a year, more than double the average since 1980. NOAA's announcement came as Hurricane Delta, the season's 25th named storm, battered Mexico's Yucatan Peninsula. Forecasts show the storm heading toward Louisiana coast next, which will require it to pass across the Gulf of Mexico's warm waters.
- ***Nitrous Oxide is Leaking into the Atmosphere.*** The colossal amount of nitrogen used as fertilizer in agriculture is leading to an increase in emissions of nitrous oxide, a lesser-known greenhouse gas that contributes to climate change and the depletion of the ozone layer. Nitrous oxide emissions are increasing at a rate of about 2% per decade, and in 2018 the gas's concentration in the atmosphere was about 22% above pre-industrial levels, according to a study published in *Nature*, the first to do a thorough accounting of atmospheric nitrous oxide. The paper was five years in the making and involved 48 research institutions from around the world.

STATE & LOCAL GOVERNMENT NEWS

- ***Climate Change Suit on SCOTUS Docket.*** The Supreme Court will hear an appeal from oil companies aiming to overturn lower court rulings that state court is the proper venue for the climate change lawsuit brought by the city of Baltimore. The case is seen as a bellwether for the growing litany of similar climate change lawsuits against fossil fuel companies across several states and cities.
 - In the lawsuit, Baltimore cited Maryland public nuisance laws to seek monetary damages from the companies for selling products that release greenhouse gases. But the case for now centers on whether to grant oil companies' request to move the Baltimore suit from state court to federal court.
- ***California Wildfires Hit Grim Milestone.*** The August Complex wildfire in California has burned over 1 million acres, according to a Monday update from the California Department of Forestry and Fire Protection — making it the first blaze in recorded California history to reach seven figures of acreage. The August Complex began almost two months ago after lightning strikes ignited 37 fires that merged together.
 - The update on the August Complex came just after the forestry and fire protection agency said the state has seen a total of more than 4 million acres burned so far this year.
 - That's more than the double the total destruction of 1.9 million acres burned in all of 2018, the previous record year.
- ***California Governor Calls for Protecting 30% of State Land.*** Gov. Gavin Newsom signed an executive order Wednesday to protect nearly a third of California's land and coastal waters in his latest effort to fight climate change that he has blamed for recent record-breaking wildfires. He directed state agencies to pursue actions that will use the state's lands and waters to absorb climate-warming carbon from the atmosphere.
 - Newsom, who made the announcement in a walnut orchard 25 miles (40 kilometers) outside of Sacramento, said innovative farming practices, restoring wetlands, better forest management, planting more trees and increasing the number of parks are all potential tools.
 - The goal is part of a larger global effort to protect 30% of the Earth. California is the first state to join 38 countries that have made similar commitments, Newsom said.
- ***EPA grants Oklahoma Authority Over Reservation Land.*** EPA approved a request from Oklahoma Gov. Kevin Stitt to keep the state in control of environmental regulations on reservation land after a Supreme Court ruling called the state's authority into question. The high court's McGirt decision meant that huge swaths of the state were suddenly under tribal jurisdiction, not the state government, including oversight of tens of thousands of oil and gas wells, as well as coal-fired power plants, refineries and other industrial sites.
 - That spawned questions about whether the tribes might hike taxes or implement more stringent environmental regulations. But a provision tucked into the 2005 SAFETEA highways bill by Sen. Jim Inhofe (R-Okla.) said that if Oklahoma — and Oklahoma only — asks EPA to let it administer environmental programs in Indian country, the agency must approve it.

INTERNATIONAL NEWS

- ***Church of England Unloads Exxon Shares on Failed Emission Goals.*** The Church of England Pensions Board has sold all its holdings of Exxon Mobil Corp. because the oil giant failed to set

goals to reduce emissions produced by its customers. The divestment was completed this week. The proceeds went to an index that aligns with the objectives of the Paris climate agreement, said a spokesperson for the board. Exxon isn't included in the FTSE TPI Climate Transition Index because it hasn't set targets for Scope 3 emissions that are generated when customers burn fossil fuels.

- "Exxon failed to meet the index criteria which embeds the latest assessment by the Transition Pathway Initiative (TPI), and as a result the board is disinvested from Exxon," said a spokesperson for the Church of England Pensions Board, which manages funds in excess of 2.8 billion pounds (\$3.6 billion) for retired clergy and others who have worked or served for the church.
- **Canada Floats Plastic Ban on Bags and Tough-to-Recycle Items.** Canada is proposing to ban six everyday plastic items from stores and restaurants, and to set national targets for plastic production, recycling, and reuse. The ban would include plastic checkout bags, stir sticks, six-pack rings, cutlery, and straws, as well as food ware products made with problematic plastics, Environment and Climate Change Minister Jonathan Wilkinson said Wednesday.
 - The six products, listed in a discussion paper open to public comment until Dec. 9, were chosen because they meet three criteria the department is proposing for a ban: they're tough to recycle, are often sent to landfills, and have available alternatives, Wilkinson said.
 - "The ban is really on those things are very difficult to recycle and therefore we feel they should be taken out of circulation," Wilkinson said at a news conference in Gatineau, Québec.
 - The proposals unveiled Wednesday are part of Canada's plan to reach "zero plastic waste" by 2030.
- **EU At Risk of Not Meeting Plastic Recycling Goals.** The European Union may not meet its goals for recycling plastic, a report from the European Court of Auditors warned Tuesday. "There is a significant risk that the EU will not meet its plastic packaging recycling targets for 2025 and 2030," the report said, largely due to a lack of recycling of plastic waste. In 2018, the European Union set a goal to recycle 50 percent of plastic waste by 2025 and 55 percent by 2030. Plastics have long been one of the hardest materials to recycle, but the report said the coronavirus pandemic has exacerbated the problem.
 - "To meet its new recycling targets for plastic packaging, the EU must reverse the current situation, whereby we incinerate more than we recycle. This is a daunting challenge," Samo Jereb, the member of the European Court of Auditors responsible for the review, said in a release. "By resuscitating single-use habits amid sanitary concerns, the COVID pandemic shows that plastics will continue to be a mainstay of our economies, but also an ever-growing environmental threat."
- **Johnson Backs Green Investment as Cure for U.K. Covid Slump.** Boris Johnson pledged to boosting U.K. offshore wind power as part of his delayed plan for a "green industrial revolution" as he seeks to get his stalled domestic agenda back on course. In a speech aimed at regaining a grip of the political agenda after months of negative headlines over his handling of the pandemic, the prime minister said renewable energy can help drive Britain's economic regeneration.
 - He announced 160 million pounds (\$208 million) for infrastructure at ports to support companies building turbines off the British coast.
 - Johnson also touted the benefits of carbon capture and storage technology, nuclear power, solar panels, hydrogen, home insulation and heat pumps as a way to help the

U.K. reach its target to zero out greenhouse gas emissions by 2050 and create highly skilled “green collar jobs”.

- ***Brazil Says Privatizations Will Help Save the Environment.*** Brazil is framing its slow-moving privatization program as a way to protect forests and rivers following international investors’ mounting criticism of President Jair Bolsonaro’s environmental policies. Martha Seillier, special secretary of the Investments Partnerships Program, said infrastructure building via concessions and privatizations not only represents good business opportunities but is also an environment-friendly strategy as the country battles a reputation damaged by surging deforestation rates and rampant forest fires.
 - “It’s not true that the Brazilian government doesn’t care about the environment,” Seillier said in a video interview. “The question is how we obtain the resources and solutions we need to preserve the environment.”
 - Recently-approved legislation backed by the government to facilitate the privatization of water and sewage treatment will reduce river pollution and improve hygiene standards, and railways concessions will cut down on car dependence, she said, adding that wind and hydroelectric facilities are also opening to concessionaires.

