

POLITICO

## Morning Energy

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### Shell scores big in Q2 - Obama's CAFE deal has Greens anxious - EPA air toxics proposal due today - API goes for the throat on ozone rule

By ROBIN BRAVENDER and PATRICK REIS | 07/28/11 09:15 AM EDT

\*\*With help from Darren Samuelsohn, Talia Buford, Darius Dixon and Darren Goode

**MAKING BANK** – Royal Dutch Shell Plc is reporting \$6.55 billion in adjusted second-quarter profit, 56 percent more than a year ago. Including asset sales and other one-time revenue infusions, the company tucked away more than \$8.66 billion for the quarter on the strength of high energy prices, Reuters reports.

ExxonMobil is scheduled to report its quarterly results today, and Reuters says the oil giant will post a 50 percent increase in net income: <http://reut.rs/or3WP3>

**CAFE COMPLAINTS** — Obama's big moment on fuel economy standards Friday could be spoiled by green gripes of automakers' outsized influence.

Several environmentalists told POLITICO on Wednesday that while they're excited about a deal that would increase CAFE limits to 54.5 mpg by 2025, they remain troubled by auto industry demands for a number of flexible compliance options that they fear are essentially loopholes that will diminish the plan's environmental integrity.

"The devils are in the details and there are a hell of a lot of details," said Dan Becker, director of the Safe Climate Campaign. Samuelsohn has those devils and those details for Pros:

<http://politico.pro/quuGHT>

**HAPPY THURSDAY** and welcome to Morning Energy, where your host — crushed after a shocking snub by The Hill's 50 Most Beautiful list — is planning to publish a new list of "50 Most Beautiful Active Authors of Overnight Energy Policy-Focused Emails." To weed through the deep candidate pool and make a nomination of your own — or to send energy news so juicy it'll stanch Samuelsohn's Cubs-induced crying — email [preis@politico.com](mailto:preis@politico.com).

**AIR TOXICS** — The EPA is expected to propose long-overdue updates today for its clean air standards to limit air toxics and other pollutants from oil and gas operations. The EPA is facing a court order to issue the proposal today, with final rules due in February 2012. Greens are hoping the draft rules will include tighter restrictions on smog-forming volatile organic compounds, while industry will be paying close attention to cost estimates and how the agency deals with methane emissions.

**TAKE TWO WEEKS OFF, THEN RETIRE** — The American Petroleum Institute is ratcheting up the pressure on the Obama administration to drop its new ozone standard entirely.

Two days after the EPA announced it would postpone releasing the air pollution limits, the oil and gas industry's primary trade group says it will double down with lobbying, ads and analysis aimed at getting the White House to put the whole thing on ice. "We see the delay as an opportunity for them," said Howard Feldman, API's director of regulatory and scientific affairs. "We're hoping they're using this time to reconsider this reconsideration." Bravender has the details:

<http://politico.pro/nZEzoe>.

**NYT ON FRACKING** — The New York Times has published the complete emails from government officials that the paper used as the basis for articles (such as this one:

<http://nyti.ms/lc4xqC>) questioning the financial stability of the natural gas industry. The Energy Information Agency recently released the unredacted documents to Congress, a move that the NYT says prompted it to make the unredacted emails available to readers. The emails:

<http://nyti.ms/pZzNXM>.

**MARCELLUS SHALE** — West Virginia Gov. Earl Ray Tomblin's administration intervened at the eleventh hour to weaken an executive order on Marcellus Shale drilling regulation, the Charleston Gazette reports. The administration stepped in to limit a new public notification requirement, according to the report: <http://bit.ly/qtRCcm>

Meanwhile, the Beckley Register-Herald reports that a Marcellus shale regulation bill is — barring action from Tomblin — off the agenda during next week's special session of the West Virginia state Legislature: <http://bit.ly/ogVuY9>

**PEAKS AND VALLEYS, STRIKES AND GUTTERS** — The Wall Street Journal takes a look at

the career arc of outgoing ConocoPhillips chief executive Jim Mulva, who oversaw the company's enormous expansion and now is spending his final year overseeing the company's split into two separate firms.

The journal's take: "Some experts say the breakup ... was as much a result of Mr. Mulva's acquisition strategy, and resulting debt, as it was of changing market dynamics," writes reporter Daniel Gilbert. For his part, Mulva says the breakup is a product of greater competition from state-owned firms tough times for refined petroleum products. The story: <http://on.wsj.com/rbaGLh>

\*\* A message from America's Natural Gas Alliance: Own a CNG vehicle and live in Pittsburgh? Thanks to EQT Corp., you now have 24/7 access to clean, affordable natural gas with the opening of their new public filling station. <http://bit.ly/n9PmrY> \*\*

**THE NEVERENDING STORY, PART 2** — The House continues to plug away on the Interior-EPA spending bill, and while they could take it up again this afternoon, the bill may be set aside if Republicans making good on their plan to bring a debt ceiling bill to the floor today. More on the debt ceiling from POLITICO's David Rogers: <http://politi.co/q8Vo9V>

Among other amendments, the House approved a measure Wednesday from Steve LaTourette intended to funnel cash from EPA climate change programs to the Great Lakes Restoration Initiative — but not by much. Facing a close vote, the Ohio Republican was on the floor yelling "Come on!" and "One more!" until several lawmakers changed their votes. And when the amendment cleared on a 220-206 vote — despite warnings from top appropriators that it was broader than LaTourette intended — LaTourette unleashed a fist-pumping "yeah!," observers tell ME. Jonathan Mortimer Smith provides a reasonable re-creation: <http://bit.ly/r6g2ML>

**RIDE ON, WOLF RIDER** — The House voted down an amendment from Rep. Norm Dicks that would strip the bill of language intended to head off legal challenges to the removal of Wyoming and Great Lakes gray wolves from the endangered species list. Both the W. Bush and Obama administrations have attempted to delist the wolves, but both have been blocked in court by lawsuits from environmental groups.

**GRAND CANYON MINING** — Top Democrat appropriator Norm Dicks thinks his party has a "decent shot" to vote down an Interior-EPA spending bill rider that would prevent the Obama administration from blocking new uranium mining on public lands surrounding the Grand Canyon, he tells POLITICO.

**NOMINATIONS** — President Obama has nominated David Danielson to become the DOE's assistant secretary for energy efficiency and renewable energy, a job currently held by Henry Kelly in an acting capacity. Since 2009, Danielson has been a program director at ARPA-E, specializing in

advanced electrical energy storage technologies.

He also tapped Dot Harris, president and CEO of management consulting firm Jabo Industries LLC to head up DOE's Minority Economic Impact Office.

**NUCLEAR REGULATORY COMMISSION** — The NRC's Fukushima task force is scheduled to hold a public meeting this afternoon to discuss the findings of its regulatory review with industry stakeholders and members of the public. Task force chief Charlie Miller will lead the presentation of the group's report and 12 recommendations and take questions. Representatives from NEI, the Union of Concerned Scientists, Friends of the Earth, Progress Energy, Duke Energy and Bechtel are expected to be in attendance. The meeting begins at 1 p.m. at NRC headquarters in Rockville, Md., and will be webcast here: <http://1.usa.gov/o746aM>

**WHO WATCHES THE WATCHMEN** — The inspector general's office for the NRC has a tendency to avoid controversial issues and difficult questions for the agency, according a report from ProPublica. When concerns were raised about predicting the damage to a plant from an airplane crash or how the agency's resident inspectors enforce safety regulations, the IG has ignored investigators or shifted blame to the utilities rather than the NRC, former IG employees told reporters. <http://bit.ly/olvTqs>

### **ON THE HILL TODAY**

10 a.m. — Senate Energy and Natural Resources holds a hearing on the nominations of Charles DeWitt McConnell to be the Energy Department's assistance secretary for fossil energy and of Rebecca Wodder to serve as assistant secretary for fish, wildlife and parks at the Interior Department. Wodder has taken flak from Republicans over positions she took while leading the environmental group American Rivers, but she picked up an endorsement earlier this week from Carter-era Interior Secretary — and two-time Idaho Governor — Cecil Andrus: <http://politico.pro/rpF9Ob>. 366 Dirksen.

10 a.m. — A House Natural Resources panel holds a hearing on three bills to authorize international conservation funding for elephants, rhinoceros, tigers, great apes and sea turtles. Ian Somerhalder — a.k.a. Boone from "Lost" — will be on hand to testify in favor of conservation. 1324 Longworth (The hearing comes two years to the day after Bo Derek came to the committee to testify on behalf of a similar wildlife conservation measure.)

10 a.m. — A Senate Commerce panel holds a hearing on aviation fuels, with witnesses including Lourdes Maurice, an environment official with the Federal Aviation Administration, as well as officials from the Air Force and Boeing. 253 Russell.

10:30 a.m. — The House Science Committee meets to mark up legislation intended to address the

risks of toxic algae blooms and aquatic dead zones. 2318 Rayburn.

11:30 a.m. — Reps. Lee Terry (R-Neb.) and Ted Poe (R-Texas) hold a news conference asking the Senate to act on the Keystone XL legislation that the House passed Tuesday.

2 p.m. — Senate Appropriations' financial services subcommittee holds a hearing on the weather-readiness of federal disaster assistance organizations. Witness list: <http://1.usa.gov/pnhxXY>. 138 Dirksen.

2:30 p.m. — The Senate Energy and Natural Resources Committee's national parks panel holds a hearing on 11 parks and public lands bills. Details: <http://1.usa.gov/mS4cBq>. 366 Dirksen.

## **OFF THE HILL TODAY**

8:15 a.m. — The National Council for Science and the Environment's 2011 International Green Energy Economy Conference kicks off today, featuring former New Mexico Gov. and Clinton-era Energy Secretary Bill Richardson. Details: <http://bit.ly/ohvYBJ>

Noon — Shell Oil Company President Marvin Odum appears at a U.S. Chamber of Commerce luncheon. 1615 H St. NW.

Noon — Former FERC Chairman Joseph Kelliher joins Michael Moynihan, director of NDN/New Policy Institute's Clean Energy Initiative, to discuss FERC's new rulemaking on transmission planning and cost allocation. 729 15th St. NW.

Noon — The Woodrow Wilson International Center for Scholars hosts a forum on climate change and river basins. Details: <http://bit.ly/rkaPq9>. Ronald Reagan Building.

6:30 p.m. — 2012 Republican presidential candidate Jon Huntsman keynotes the Republicans for Environmental Protection's second annual Theodore Roosevelt Banquet. Hyatt Regency, 400 New Jersey Ave. NW.

Midnight — "Cowboys & Aliens" opens in select theaters.

## **LIGHTNING ROUND**

-- Local concerns are delaying one U.S. entrepreneur's plan to bring fracking to the United Kingdom, the WSJ reports: <http://on.wsj.com/oVofXD>

-- The U.S. and Europe have largely stayed out of each other's way on greenhouse gas regulation, but that informal accord is ending as European flexes its regulatory muscles over emissions from the U.S. aviation industry, the NYT reports: <http://nyti.ms/q6oWj1>

-- Natural gas critics are going after Spectra Energy, the company hoping to build a pipeline from

New Jersey to New York City, over a federal inspection report that they say found serious shortfalls in the company's plans. The report: <http://bit.ly/mVrPXK>. Commentary from Natural Gas Watch: <http://bit.ly/nD6PeP>

**THAT'S ALL FOR ME**, but it's worth saying twice: "COWBOYS & ALIENS" opens in select theaters at midnight.

\*\* A message from America's Natural Gas Alliance: One solution for more abundant domestic energy is staring us in the face. Natural gas is the natural choice — now and in the future. We know we need to use cleaner, American energy. And, we have it. Today, the U.S. has more natural gas than Saudi Arabia has oil, giving us generations of this clean, domestic energy source. Natural gas supports 2.8 million American jobs, most states are now home to more than 10,000 natural gas jobs. As Congress and the Administration look for ways toward a cleaner tomorrow, the answer is right here: natural gas. Learn more at [www.anga.us](http://www.anga.us). And, follow us on Twitter @angaus. \*\*

\*\* **A message from America's Advanced Biofuel:** Biodiesel is the most diverse fuel on the planet. It is made from regionally available, renewable resources that are abundant in the U.S., like soybean oil, other plant oils, recycled restaurant grease, tallow and other fats -- and even new sources like algae. It is produced in nearly every state and used from coast to coast.

Biodiesel is better for the environment because it is biodegradable and made from renewable resources. The EPA reports that biodiesel reduces greenhouse gas emissions by 57 to 86 percent. That makes it one of the most practical, cost-effective ways to immediately benefit the environment.

And it's why more and more of America's fleets are using biodiesel. Which means less and less carbon pollution. Last year, Biodiesel reduced carbon pollution by 18 million metric tons. That's like removing nearly four million cars from the road. When it comes to biodiesel, MORE IS LESS. Learn more today at [www.AmericasAdvancedBiofuel.com](http://www.AmericasAdvancedBiofuel.com). \*\*