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January 30, 2015

NEWS CLIPS

[Video of Governor Wolf's Inaugural Address](#)

[Three Years Later, Act 13 Issues Unresolved](#)

[Environmental Group Wants Court to Revisit Ruling](#)

[Plans for wind farm in North East shelved](#)

[PA Environmental Council Sets 2015 Priorities](#)

[On climate change and Keystone, Toomey and Casey seemed to change course, but not really...](#)

[Let's Get Past Keystone and Get On With Energy Reform](#)

[Amendment Eliminating Corn Ethanol Mandate Appears Dead](#)

[Obama and Energy: Building on the State of the Union](#)

[Environmental Group settles lawsuit against state over listing as terrorist](#)

Governor Wolf: Welcome to (same kind of) Harrisburg

It's certainly been an interesting week and a half for Pennsylvania's new "different kind of Governor" and political observers. Tom Wolf, Pennsylvania's 47th Governor, took his oath of Office shortly after noon on January 20, and outlined his goals for the state and calling for bipartisanship in Harrisburg (See story below.) Legislative reaction to his inaugural address was positive, and hopes for many were high that a spirit of new graciousness would ensue and help leaders find compromises to benefit all Pennsylvanians.

That afternoon, Governor Wolf's cabinet took their oaths of office, and the new Administration was formally ready to go.

By Wednesday, the Governor, his top staff, and cabinet members spent much of the day in training sessions on ethics and the state's open records law. That was after the governor signed two executive orders banning anyone in the executive branch from accepting gifts and outlawing no-bid legal contracts.

By the next morning, Wolf had recalled 28 lame duck appointments that Governor Corbett had made before leaving office, and had fired the state's newly seated director of the state Office of Open Records (See story below.) The action to fire Erik Arneson is already in the courts, and the Senate has moved toward confirming 13 of the recalled appointments in spite of the recalls.

At the end of the week, Wolf was holding a virtual open house in the Capitol, greeting state employees, who stood in line by the hundreds to meet and get selfies with the new Governor. Over the weekend, planning for the projected "Snowmageddon" which failed to materialize took over the headlines, but by Monday, lawsuits, Senate action on gas royalty bills, and a gubernatorial expression of support for passage of a medical marijuana bill were in the headlines.

This week, Governor Wolf announced he would be naming two temporary

[organization](#)

[Brookings: Falling Oil Prices Won't Hurt Clean Energy](#)

EVENTS

February 5, 2015

PA Environmental Justice Advisory Board (EJAB)

8:30 a.m.,

16th Floor Delaware Room

Rachel Carson Building

400 Market Street, Harrisburg.

Contact: Kim Morewood,

(717) 783-9731

February 6, 2015

PA Climate Change Advisory Committee

10 a.m.,

Room 105, Rachel Carson

Building

400 Market St., Harrisburg

Contact: Mark Brojakowski,

(717) 772-3429

February 17, 2015

PA Environmental Quality Board (EQB) 9 a.m.

Room 105,

Rachel Carson Building

400 Market St. Harrisburg, Pa.

Contact: Jen Swan,

(717) 783-8727

February 17, 2015

PA Citizens Advisory Council meeting

10 a.m.

Room 105, Rachel Carson

Building

400 Market St., Harrisburg, Pa.

Contact: Jen Swan,

(717)783-8727

February 18, 2015

Creating Prosperity and Opportunity Confronting Climate Change

9:00 AM to 5:00 PM

(Registration \$40.00)

appointments to the state Supreme Court, and on Thursday, signed an executive order reversing a Corbett administration executive order that allowed drilling for natural gas under state lands, fulfilling another campaign promise. (Story below)

Outside the capitol, but inside the Harrisburg beltway, it was reported that a grand jury had recommended state Attorney General Kathleen Kane be charged with perjury, false swearing, official oppression and obstruction of justice, and Kane's attorneys were successful in getting the Supreme Court to at least temporarily halt action on those recommendations.

And today, Harrisburg was surprised at news that Rob McCord, our state Treasurer was resigning effective February 12, to return to private industry amid rumors that he may be subject to an FBI investigation (Story below.)

Now for the rest of the news.

Wolf Inaugural Speech Focuses on Education, Jobs, Deficit Reduction

"What we need today are leaders who are willing to listen to each other ... and learn from each other ... and work together to give all Pennsylvanians a shot at a great life," said Governor Tom Wolf, moments after being sworn in as the state's 47th Governor. "During my campaign, I pledged to be a different kind of governor, and I will keep that promise." (See link for video of the Governor's speech.)

Wolf said in summing up his goals: "As your Governor, I will do everything in my power to make Pennsylvania a place where jobs pay, where schools teach, where government works ... and where every Pennsylvanian can believe in the fundamental notion that our democracy works."

In his 15 minute inaugural address, Gov. Wolf called on the General Assembly's legislative caucuses to work together to move the commonwealth forward. Wolf said government needs to be "a constructive partner" with the free market economy, not doing everything, but not doing nothing. He called for "smart, strategic investments in public goods," such as public education, public health, transportation and other infrastructure, to "set the table for robust private sector growth."

Wolf addressed the Commonwealth's abundant natural resources, and said that "to fulfill our potential, we must take full and responsible advantage of these resources."

Wolf has said he wants to increase the current tax on Marcellus Shale gas drilling, and to increase funding for public education. He is opposed to a moratorium on fracking however - an issue that brought protesters to the inaugural events on Tuesday to protest his position on a ban.

In response to the Governor's inaugural speech, House Speaker Mike Turzai noted the gracious quality, and said many members are hopeful that he'll be open to some of the ideas we brought to the table.

Senate Majority Leader Jake Corman, R-Centre, reacted positively to the speech, but reaffirmed the Senate GOP's priorities in addressing the structural deficit problems in the state and state pension issues. Republicans pointed out that they were still waiting for specifics from Gov. Wolf, as they had noted throughout the campaign in 2014. "Our top priority remains to control spending and keep taxes down for

Judd Hall, Vermont Technical
College, Randolph Center, VT
Contact: Margaret G. McCoy,
Vermont Council on Rural
Development
info@vtrural.org

February 22, 2015

**ABA/ACORE: Federal and
State Policy: The Outlook for
2015**

More information at
www.renewableenergyinfo.org

March 18, 2015

**ABA/ACORE Finance: New
Trends in Clean Energy Finance
Mechanisms**

Monthly seminar
More information at
www.renewableenergyinfo.org

June 2-4 2015

**Energy Ocean Conference &
Exhibition**

Portland, Maine,
Contact [Jason Smith](mailto:Jason.Smith@bio.org)
(713) 343-1886.

June 15-18, 2015
2015 BIO International
Convention
Pennsylvania Convention
Center, Philadelphia, PA
Global biotech community.
More information available at
convention.bio.org/register.

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working families and job-creators," Corman said.

Senate Minority Leader Jay Costa, D-Allegheny, said, "I was pleased that he talked about priorities that are consistent with the priorities that we have been talking about: those are investments in education; investments in job growth and workforce development; making sure we figure out a way to deal with this education deficit that we're dealing with, as well as the fiscal deficit we're dealing with.

House Minority Leader Frank Dermody, D-Allegheny, said House Democrats are excited to work with Gov. Wolf in the upcoming session, noting "We can only move forward as one family, not a collection of special interests. There is no shortage of challenges facing our state, foremost among them a budget deficit that tops \$2.3 billion. House Democrats are ready to work with the governor and our Republican colleagues in the House and Senate to address those challenges.

Majority Leader Reed:

"We Agree on Where we Want to Go."

House Majority Leader Dave Reed, leading the 119 Republicans in the state House of Representatives, said Monday at the PA Press Club Luncheon that "We actually agree on where we want to go." But Reed made it clear, "We just disagree on how to get there."

"Gov. Wolf wants to focus on jobs that pay, schools that teach and a government that works ... we want to focus on each and every one of those items. We want to work with the governor. We want to work with our colleagues in the Senate to bring those items to the forefront over the upcoming months."

Reed said House Republicans agree with a free market approach to the economy, but said they don't believe in raising minimum wage or business tax rates to get there. "When government focuses on lower tax rates, closing corporate loopholes and getting away from the cardboard check approach to economic development and actually spends their time and effort investing in infrastructure, I think we will be more successful from an economic development perspective," he said.

Reed said his caucus supports closing the Delaware Loophole - an idea Wolf campaigned for - but he said it should be part of a larger reform of the state's tax system.

Reed also called for further investment in infrastructure, echoing Wolf's sentiments last week, saying "a lot of areas are without access to public sewage, public water and broadband internet access. And with the booming Marcellus Shale industry, we've got to find a way to take that natural gas resource to an awful lot of communities and consumers in Pennsylvania."

Senate Minority Leader Jay Costa said he believes in funding programs, such as the Redevelopment Assistance Capital Program (RACP), noting that those program dollars are important in the process for programs and projects that serve as a catalyst for development.

Wolf may find GOP support for his severance tax proposal difficult, but Reed said discussions would be held on the overall tax burden. "Let's look at how other states do it," Reed said. "We're always compared to the state of Texas. Well, (critics say)

George Bush's Texas even has a severance tax. Yeah, that's great, but they don't have a corporate tax. And we've got some of the highest corporate taxes in the country."

Reed said that all the facts have to be on the table, not just those which make good sound bites.

He used education as an example. "We have a responsibility to make sure that discussion is not just focused on the quantity of dollars we spend," he said. "We've got to focus on the quality of product."

Reed says the caucus will also consider where education money comes from, how it's allocated to the state's 500 school districts, cost drivers and "reform items from a broad perspective across Pennsylvania that will actually enhance the quality of the product our schools provide."

"Number one is our school and state employee pension system," he said. "How do we protect those pensions for our active employees? How do we make sure employees get the pension they signed on for? How do we bring some sort of sanity to that system for future employees and, most importantly, to the people who foot the bill, our taxpayers?"

Reed said that the state has to move from the generalized one-size fits all mentality to individualize state support for each student, classroom and community.

As for making government work better, Reed said too often that effort places emphasis upon trying to create government programs that can help everyone. He said his caucus would continue pursuing reducing the size of the Legislature, but to regain public trust, "more than anything else" the House GOP want to pass laws that promote financial independence.

"I think we should be spending more time focusing how to make folks financially independent. I think we would be more effective, more efficient and actually a little more positive from a broad perspective in the state of Pennsylvania. More than anything else, I think that's what people want from their government."

Treasurer McCord Resigns - Investigation Ongoing?

After six years as state Treasurer, Rob McCord announced Thursday he would resign his post February 12 to return to the private sector. According to Philadelphia news reports, McCord is under federal investigation over his use of "campaign and other funds."

McCord lost last year's Democratic primary to Gov. Tom Wolf. He was twice elected to the term-limited office of state Treasurer in 2008 and 2012. McCord said his goals at Treasury had been achieved. "With a new Governor now in office to appoint my successor - it is time for me to return to the private sector, where most of my life's work has been."

McCord, in his letter, touted a list of accomplishments, including improvements to the unclaimed property program, the 529 college savings plan, his lawsuit to have the Treasurer oversee Gaming Board actions, and his effort to control the \$60 million fine levied against Penn State to keep the money for in-state child welfare

programs.

McCord's top lawyer at Treasury, Christopher Craig, who previously worked for the Senate Democratic Appropriations Committee, will take over until a successor is nominated by Wolf and confirmed by the state Senate.

Wolf Signs Moratorium on Public Lands' Gas Leases

In a ceremony at Benjamin Rush State Park in Philadelphia Thursday morning, Governor Wolf signed an executive order that reinstates a moratorium on further gas leasing of public lands. The executive order trumps an executive order signed by former Gov. Tom Corbett last year that overturned a previous ban on further drilling of public lands. Many environmental groups were quick to issue statements praising the decision.

Wolf had promised to sign the order during his campaign last year. Corbett's order authorized state officials to negotiate new leases for gas extraction wells drilled from adjacent, privately owned land or areas previously leased for drilling in state forests. Hundreds of millions of dollars of revenue from existing leases has been used to balance state budgets by both Governors Corbett and Rendell.

The new leases were expected to generate tens of millions of dollars to help balance the state budget, but were delayed pending a lawsuit filed by the Pennsylvania Environmental Defense Foundation that sought to stop them. Commonwealth Court sided with the Corbett administration in a decision earlier this month, asserting the state's right to lease public lands for natural gas and oil drilling, and the diversion of rent and royalty payments from a land conservation fund to other programs. The EDF said it will continue its appeal of the case in order to "get clarity on the meaning of the public trust."

The environmental group wants the court to reconsider because the judges did not address its fundamental claim: that the state failed to perform its constitutional duty to evaluate the likely environmental impact before leasing tens of thousands of acres of state forests for natural gas extraction and transferring the money out of the conservation fund controlled by the Department of Conservation and Natural Resources. Instead the court interpreted the foundation to be challenging the adequacy of the amount of money - up to \$50 million - that the state allocated to DCNR from drilling royalties, a question the group said it did not raise.

Mr. Wolf's acting DCNR Secretary Cindy Dunn is a former deputy secretary at the department, and had testified as a witness for the EDF during a hearing in the case last year. In her most recent role as president and CEO of PennFuture, she said, "Carefully managed industrialization is still industrialization, so the need for a moratorium on leasing of state forests and parks to drillers remains."

The Wolf for PA political committee wasted no time with after the executive order, immediately capturing a photo of the signing and emailing requests to supporters across the state, with the tag line, "*Fired up about Tom's executive order? **Stand with Governor Wolf to protect Pennsylvania's environment and make a donation of \$5 or more today.***"

IFO Revenue Estimates Up \$520 million

This week, the Independent Fiscal Office revised its revenue estimates for the current fiscal year by approximately \$250 million, giving Wolf and the General Assembly some better news to offset advice from the federal government that the

Affordable Care Act's provisions would cost the state \$600-700 million in FY 2016-2017. The notice from the IFO said the revised revenue estimate for 2014-2015 is \$30.207 billion, \$26 million higher than the official estimate recertified by the governor in September".

Wolf's transition budget task force relied on earlier IFO revenue numbers from November when it developed a budget shortfall estimate of \$2.3 billion. The change is due to about \$520 million in upward revenue revisions made by the IFO. In November, the IFO projected a \$1.85 billion shortfall.

The upward revisions were the result of better-than-expected corporate net income tax totaling \$230 million, along with projected higher sales tax collection with spending increased because of low gasoline prices, according to IFO Director Matt Knittel. "We anticipate that Pennsylvania households will save between \$3.0 and \$3.5 billion on gasoline purchases this fiscal year. These savings are expected to translate to higher consumer spending on goods and services, netting an additional \$60 million in sales tax collections."

Even with good news, the reality is that revenue increases can't be expected to fill a \$2 billion deficit that faces elected leaders as the state debates the FY 2015-2016 budget.

Honeymoon Over? Wolf Sued by Senate GOP

Gov. Tom Wolf's first fight with the Senate Republicans started within 48 hours of his inauguration, when he recalled 28 lame-duck appointments made by former Gov. Tom Corbett, undoing several executive nominations and fired the new Office of Open Records chief Erik Arneson. The GOP called the firing "an unlawful power grab." Ironically, Arneson is credited by many with being the author of the Open Record law.

The Senate Republicans ignored the recalls, and have gone forward with hearings and votes on the Corbett appointments requiring Senate confirmation despite Wolf's recall "request." Senate GOP Chief Counsel Drew Crompton said the GOP doesn't believe recalls have to be honored, noting that there had been little discussion about the appointments and no discussion about removing Arneson. "This is partisan politics through and through," Crompton said.

Arneson called the move "a nuclear attack on the independence of the Office of Open Records."

Jeff Sheridan, spokesman for Wolf, said it was "absurd" to say Wolf is undermining the office.

"The Governor's assault on the independence of the Executive Director offends the separation of powers principles in the Pennsylvania Constitution and violates the express statutory independence of the Executive Director," the Senate Republicans said in a filing to support Arneson's lawsuit against Wolf, the Department of Community and Economic Development and the Office of Open Records (OOR), which said his firing was prohibited by the Pennsylvania Constitution and the Right-to-Know Law.

The governor and his administration have maintained they have every right to fire Arneson and appoint a new executive director - which they have said they intend to do after a national search for a new director is conducted. Several Republicans were heard to wonder aloud when those national searches would begin for Wolf's cabinet nominees, who include many former Rendell Administration officials and

those recently losing jobs with the government changes in Maryland.

In a statement, Wolf said, "By removing Mr. Arneson, I am standing up against an effort to destroy the integrity of the Office of Open Records and turn it into a political operation. These attempts to change the office, which exists to protect the public's right to know, are the exact reasons people distrust their state government. When given the choice between protecting the public and playing politics, I will stand with the people of Pennsylvania."

The Commonwealth Court has set a hearing date for Feb. 3

Wolf believes Arneson is an "at-will" employee, meaning he could be fired for any reason or no reason at all. Arneson and the Senate Republicans argue the executive director could not be truly independent if he or she worked at the pleasure of the governor.

The Senate GOP lawsuit argues "a constellation of factors taken together" show the legislative intent to keep the executive director position independent from "the whims of the governor," including: the six-year term overlapping gubernatorial administrations, quotes from bill sponsors throughout the legislative history referring to the independence, the OOR's jurisdiction over appeals from nearly every public agency and department including the governor's office, the powers granted to the executive director to expend the appropriation of OOR even though it's technically housed under DCED, and the Right-to-Know law's purpose of promoting government access.

Despite Democratic Gov. Tom Wolf's recall, 13 nominations put forth by former Gov. Tom Corbett during a lame-duck period before he left office were approved by a key Senate panel Tuesday.

Jake Corman, R-Centre, noting Corbett was still governor when he made the nominations - on a party-line vote of 11-6. A Democratic motion to honor Wolf's recalls failed on party lines.

Wolf spokesman Jeffery Sheridan said the governor looks forward to meeting with the Senate to discuss the nominations before they receive a full Senate vote.

"The new governor must have a chance to put together his own team reflecting his victory and not have that victory supplanted...by eleventh hour appointments by the outgoing governor," said Sen. Vince Hughes, D-Philadelphia. Corman responded by saying, "I'm not sure the State Board of Message Therapy goes into the governor's team."

The Freedom of Information Coalition, a nonprofit that promotes government transparency, said Wolf should reconsider the firing of Arneson.

Senate Approves Royalty Legislation

Among its first legislative actions, the State Senate this week unanimously passed two bills intended to give more protection to people who earn royalty money from oil and gas drilling. Both bills were approved by the Senate last year but died in the House.

SB 147 requires drillers to disclose more information on royalty check stubs, and gives landowners the right to audit company records to ensure proper payments. SB 148 bans oil and gas companies from retaliating against people who raise questions about their royalty payments. Sen. Gene Yaw (R-Bradford) is the prime sponsor of both measures.

Royalty-owner advocates have praised the measures, while the state's largest gas industry trade group, the Marcellus Shale Coalition, has not taken a position on either bill.

A spokesman for the House Republican caucus wouldn't say whether there would be more interest this year, only that the House Environmental Resource and Energy Committee will review both measures.

Some landowners have complained drillers are fraudulently charging exorbitant fees, leaving them with little to no money. Rep. Garth Everett (R, Lycoming) is sponsor of legislation to strengthen and clarify state law, which requires drillers to pay a minimum 12.5 percent royalty.

Everett plans to re-introduce his royalty bill in the House in the near future, however it's faced strong opposition from the gas industry, which argues it's unconstitutional because it would change the terms of existing contracts.

Governor Puts Work Calendar Online

Governor Tom Wolf says he will begin posting his full work calendar online as another step toward openness and transparency. The calendar to be released next week will include the governor's schedule from Jan. 21 to Feb. 6. In the weeks following, the calendar information will encompass the previous week.

"To give Pennsylvania a government that works, it's imperative that we work towards restoring the public's trust in government," Wolf said in a statement. "By taking this step towards openness and transparency, I have shown that I am dedicated to being accountable to the people of this commonwealth."

Wolf said he will also release "Day Ahead" public appearance advisories online.

There's been no word yet on whether the Administration plans to post on line the names or salaries of hundreds (thousands?) of coming appointments to administrative, policy, public relations and legislative positions within the Administration.

NATIONAL NEWS

State of the Union - Misses Energy Goals

President Obama has outlined energy policy goals in every one of his State of the Union addresses - until this week. On Tuesday night, he avoided specifics and instead promoted positive domestic changes in fossil fuels and renewable electricity.

As gasoline prices continue to drop, low natural gas prices give domestic manufacturers a competitive edge, and the renewable energy industry breaks investment and installation records, the president used his speech to remind Americans how much had changed since he took office.

"We believed we could reduce our dependence on foreign oil and protect our planet. And today, America is number one in oil and gas. America is number one in wind power. Every three weeks, we bring online as much solar power as we did in all of 2008. And thanks to lower gas prices and higher fuel standards, the typical family this year should save \$750 at the pump," he said.

President Obama's brief comments about energy were part of a broader narrative about how the country had turned around after a "breakthrough year" in 2014. "Tonight, after a breakthrough year for America, our economy is growing and creating jobs at the fastest pace since 1999. Our unemployment rate is now lower than it was before the financial crisis. More of our kids are graduating than ever before; more of our people are insured than ever before; we are as free from the grip of foreign oil as we've been in almost 30 years," said the president.

The speech differed from previous years, when Obama focused on aspirational targets for clean energy and fossil fuels. In 2009, the president demanded a cap-and-trade bill, and called for a doubling of renewable energy in three years. Renewable electricity did actually double in two years, but renewable fuels besides biodiesel have been slow to commercialization. In 2010, he called for more advanced nuclear, a comprehensive energy bill and eliminating tax breaks for fossil fuels. Months later, the cap-and-trade bill flamed out. And although the administration has set aside small amounts of money for nuclear, it has not built a strategy for the technology.

In 2011, the President set a goal of putting one million electric cars on the road by 2015 and procuring 80 percent of electricity from renewables by 2035. But sales of electric cars failed to take off, and the most recent figures from the Energy Information Administration suggest that America would only get nine percent of electricity from renewables by 2035.

Three years ago, President Obama endorsed an "all of the above" energy policy and supported unconventional oil and gas production. He called for a national renewable energy standard, passage of the Production Tax Credit (PTC) for wind, and a comprehensive energy efficiency bill from Congress. The PTC ended up passing, but Congress has done nothing on a national renewable energy law and the Shaheen-Portman energy efficiency bill is still on hold. In 2013, Obama stepped up rhetoric on climate change after environmentalists pressured him to talk about the issue during his campaign. He promised to use executive actions to clean up America's energy mix, saying, "If Congress won't act soon...I will." This turned out to be one of the defining pieces of the president's energy agenda.

That summer, he detailed his wide-ranging climate action plan, which included EPA regulations on existing power plants. Last year, the President continued the "all of the above" rhetoric, and called for a bill that would boost use of natural gas in automobiles, that never got traction.

The only policy goal outlined by President Obama in this year's speech was an infrastructure plan - which seems one way to hedge against his threatened veto of any legislation supporting Keystone XL pipeline. He said, "Let's set our sights higher than a single oil pipeline. Let's pass a bipartisan infrastructure plan that could create more than 30 times as many jobs per year, and make this country stronger for decades to come."

The president wrapped up his energy remarks by hailing the recent climate

agreement with China, wherein the US promised to double the speed of cutting carbon pollution and China committed to limiting their emissions after 2030, a deal questioned by many as allowing China to continue expanding GHG emissions for another 15 years while the US underwrites the costs of reducing its own.

Keystone XL Bill Passes US Senate

The Senate yesterday voted 62-36 to build the Keystone XL oil sands pipeline, delivering Republicans the first legislative victory of their new majority and ending two weeks of political wrangling seen by some as proof of a new system in the GOP controlled Congress. The vote is four votes short of enough to override a Presidential veto.

Nine Democrats including Pennsylvania's Senator Bob Casey, Jr., joined with Republicans in voting to approve the \$8 billion project, five votes short of the two-thirds majority that would be needed to override a promised veto from President Obama. Regionally, Sens. Tom Carper (DE), Joe Manchin (WV) and Mark Warner (VA) also voted for the legislation. PA Senator Pat Toomey also voted for the legislation. (See news clip re Toomey and Casey and Climate Change)

The bill now heads to the House, where Republicans are determined to act quickly to force President Obama into taking what they believe will be a politically unpopular stand against a project that would carry oil sands from Canada to refineries on the Gulf Coast. The House this month passed legislation approving the pipeline's construction for the tenth time. Senate Democratic Leader Harry Reid had prevented Senate votes on the issue when his party controlled that Chamber.

Majority Leader Mitch McConnell (R-KY) declared, the Senate is ready to "work hard for the middle class, even in the teeth of opposition from powerful special interests."

Speaker John Boehner (R-Ohio) congratulated Sen. McConnell for passing the bill in an open, inclusive and bipartisan way, "and said he hopes that the President "will now drop his threat to veto this common-sense bill."

While the House voted to build the pipeline earlier this year, the Senate added several amendments to the legislation during three weeks of work, the byproduct of McConnell's promise to give individual members more input on the floor. Aides said House Republicans have not decided whether to pass the Senate bill as is or seek a conference committee, where a final version would be negotiated between the chambers.

White House Press Secretary Josh Earnest said Thursday, "If, in fact, the legislation that passed the House also passes the Senate, then the president won't sign it." The earliest the Keystone bill could reach Obama would be next week - just as the State Department receives final comments on the proposal to build the pipeline.

It's possible that the Keystone bill and Secretary of State John Kerry's recommendation on whether the project is in the national interest could reach Obama simultaneously, potentially helping the president avoid a veto that would anger some centrist Democrats and labor unions. Federal Agencies are required to send their recommendations about the pipeline to the State Department on Feb. 2.

Senators from both parties appeared relieved to reach the end of the nearly month-long debate over Keystone, which began within hours of the 114th Congress gaveling to session on Jan. 5.

The fate of the \$8 billion project depends not only on what happens in Congress and

the White House, but also the courts.

Having dealt with more than 30 amendments to the bill, Republicans and Democrats only agreed to a few additions, including a 98-1 vote backing a measure saying climate change is not a hoax and real. Late last week, the Senate backed a non-binding measure saying that oil sands should be subjected to a tax used to pay for oil spill cleanups.

Democrats quickly used Thursday's Keystone XL vote in the Senate to fundraise. The Democratic National Committee (DNC) sent out an email with the subject line "Republicans just passed Keystone XL," despite the fact that nine Democrats voted with the Republican caucus on the bill.

"The new Senate GOP majority just voted to advance Keystone XL, even though President Obama has promised to veto it," the email says. It asks the user to sign a petition and then to donate to the DNC.

In the courts, opponents in Nebraska reignited the legal fight last week, filing two new suits over its proposed route. Seven landowners who received written warnings that TransCanada plans to file eminent domain papers to gain access to their land filed suit to prevent the taking.

Refineries Challenge EPA Plans

A rule proposed by the EPA that aims to curb emissions from oil refineries and petrochemical manufacturers is causing tensions to flare between the agency and industry groups. The agency is reviewing a flood of public comments on the issue and is expected to finalize the rule by April 17, according to an article in Chemical & Engineering News.

The plan would increase requirements for burning off excess hydrocarbon gases, require refineries to monitor air pollution at the edges of their properties, and limit emissions during facility start-up, shut-down and malfunctioning. The EPA says the revisions would improve air quality, limit greenhouse gas emissions and improve the health in communities adjacent to the industries' properties.

Refineries and petrochemical companies argue that the potential benefits would be minimal to the environment and public health, and that their customers would end up paying higher prices to help cover the costs of upgrades.

Senators Push EPA, McCarthy Over RFS Biodiesel Standards Delay

Several members of the US Senate have initiated a campaign to push EPA Administrator Gina McCarthy to move now on the 2014 RFS standards, which have been delayed more than a year. The group, led by Sens. Heidi Heitkamp, Roy Blunt, Patty Murray and Chuck Grassley, said the Obama Administration is risking disinvestment in the biodiesel industry without immediate action. PA Senators Casey and Toomey have not weighed in on this issue yet.

The timetables for biodiesel are unique under the RFS. In creating the program, Congress directed the EPA to establish the Biomass-Based Diesel volume **at least 14 months before** the applicable year in which the requirement takes effect. This is because unlike other fuel categories under the RFS, the law did not include a pre-determined volume schedule for Biomass-Based Diesel. Instead, it directed the EPA to establish annual volumes based on industry capacity, feedstock availability, and other factors.

The Environmental Protection Agency (EPA) has not yet finalized the 2014 RFS standards, and announced recently that it would not do so until later this year. Additionally, the 2015 standard for biodiesel is also now approximately one year late, and the 2016 standard should have been established by December 2014.

Biodiesel is the first EPA-designated advanced biofuel under the RFS to reach commercial scale production nationwide. It is exceeding the goals that Congress envisioned when it created the RFS with bipartisan support in 2005. It is clear that the biodiesel industry has met the criteria for growth, and under the law, its volumes are to be promulgated independently of the other fuel categories.

EPA's recent actions have neither reflected industry capacity nor biodiesel's separate treatment under the RFS. The recent delay has only compounded the effects from the November 2013 RFS proposed rule which did not adequately reflect biodiesel production levels. These actions continue to create tremendous uncertainty and hardship for the U.S. biodiesel industry and its thousands of employees. Biodiesel plants nationwide have reduced production and some have been forced to shut down, resulting in layoffs and lost economic productivity. Pennsylvania's HeroBX facility in Erie, the largest biodiesel plant east of the Mississippi, is still in production.

The Senators have urged McCarthy to get biodiesel back on schedule and quickly issue volumes for 2014 at the actual 2014 production numbers. They also called for action on the 2015 and 2016 biodiesel volumes in a timely manner, ensuring that these delays do not become the norm for the industry. Furthermore, volumes for 2015 and beyond must be increased to take into account EPA's recent decision to allow imports from Argentinean renewable fuel producers to participate in the RFS and to prevent displacement of domestic production.

Like many industries, the biodiesel industry requires certainty in order to plan for production in the next year.

Obama Proposes ANWR Protection; Murkowski - he declared "war" on Alaska

President Barack Obama picked a fight with Alaska's congressional delegation - including Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski - unveiling a proposal to protect millions of acres of the Arctic National Wildlife Refuge. The plan, which was released by the Interior Department, recommends designating 12.28 million acres, including the refuge's coastal plain, as wilderness.

Only Congress has the authority to make wilderness designations, so the final decision is in the hands of Republican lawmakers, who are unlikely to approve the proposal. The announcement sets up a major fight with congressional Republicans, who have been spent decades unsuccessfully trying to open the refuge to oil exploration.

The refuge is currently closed to fossil fuel development and only Congress can

open up the area to drilling.

In a fist-pounding press conference, she said that President Obama has declared "war" on her state. "The fight is on and we are not backing down," she said. Such strident rhetoric is not all that unusual in the Capitol. But rarely is it accompanied by such evident passion.

The Obama proposal is nothing less than a violation of the state's "sovereignty," Governor Bill Walker and Senator Murkowski said. Federal efforts to control Alaska land are particularly galling for many residents, given the unusual terms of Alaska's statehood - and the past two days have served as a reminder of that perceived unfairness.

Statehood in 1959 gave Alaskans more control, including unique terms related to land use.

Because of fears that Alaska didn't have a big enough population to provide a viable tax base, a so-called "90-10" provision allows Alaskans 90 percent of all revenues from resources developed from federal lands in the state. That's more than double the percentage of other Western states. "Now we're getting screwed because we can't access that land," she said. "It's infuriating."

Falling Gas Prices Challenge Climate Actions

Cheap oil may be creating a steeper slope to climb for the President's climate-change initiatives. Some of Obama's most cherished proposals -- cars on the road that burn less gasoline, reductions in greenhouse gases and a plan to cut emissions from power plants -- are at risk as plummeting energy prices thwart policies meant to force the nation to think greener.

Last year's 33 percent drop in gasoline prices already has automakers laying the groundwork to challenge more stringent fuel economy targets for new cars. The oil industry says a decline in its oil revenue means it can't afford new climate regulations. Even solar-equipment makers are seeing share prices fall on fears inexpensive natural gas will erode demand.

"We are awash in cheap fossil fuels in a way that was unimaginable five years ago," said Michael Greenstone, an economics professor at the University of Chicago who was once the chief economist for Obama's Council of Economic Advisers. "That's going to make the president's climate plan -- and anyone's climate plan -- more difficult to achieve."

Data show consumers gravitating back to the pickup trucks, minivans and sport utility vehicles they shunned when gasoline was \$3 or more a gallon. Automakers had been counting on sustained demand for fuel-efficient cars such as hybrid and electric models to meet Obama's mandate for a nationwide average fuel economy of 54.5 miles per gallon.

The EPA's plan to cut carbon emissions from power plants by pushing the companies to embrace renewable and other "clean" energy sources would now be a more expensive undertaking relative to using traditional fossil fuels. In fact, the Energy Information Administration has already begun backtracking on predictions that U.S. carbon emissions would fall this year and next, saying Jan. 13 that it now expects to see an increase in the pollutants, citing a drop in prices that will spur greater use.

Perry Lindstrom, an EIA analyst, said natural gas, where futures prices in New York are the lowest since 2012, is driving industrial sector resurgence and increases in energy use.

And when the automakers had agreed to the new fuel economy requirements, scaling up to 54.5 mpg by 2025, the average price of a gallon of gasoline was about \$3.97 in the U.S. The price for regular gasoline fell below \$2.10 this month for the first time since May 2009, according to the AAA.

The turnabout in energy prices makes Obama's plans to address climate change all the more important, said EPA Administrator Gina McCarthy. The president has pledged that the nation would cut greenhouse emissions 17 percent by 2020.

The administration isn't willing to ease off the fuel economy standards and sees the situation "as a long-term investment" for the industry, she said.