

Date: Friday, May 26 2017 11:16 AM
Subject: Re: Alert: FERC Nominees OK With State Bailouts for Nukes: BGOV Energy
From: Jack CEO
To: Amy Farrell <[REDACTED]>
CC: Marty Durbin <[REDACTED]>

Redacted

Sent from my iPhone

On May 26, 2017, at 10:37 AM, Amy Farrell <[REDACTED]> wrote:

Redacted

From: Jack CEO
Sent: Friday, May 26, 2017 10:14 AM
To: [REDACTED] Marty Durbin
Subject: Fwd: Alert: FERC Nominees OK With State Bailouts for Nukes: BGOV Energy

Redacted

Sent from my iPhone
Begin forwarded message:

From: Jack Gerard [REDACTED]
Date: May 26, 2017 at 9:48:16 AM EDT
To: Jack CEO <[REDACTED]>
Subject: Fwd: Alert: FERC Nominees OK With State Bailouts for Nukes: BGOV Energy

Sent from my iPhone
Begin forwarded message:

From: Bloomberg Government <[REDACTED]>
Date: May 26, 2017 at 6:06:21 AM EDT
To: <[REDACTED]>
Subject: Alert: FERC Nominees OK With State Bailouts for Nukes: BGOV Energy



FERC Nominees OK With State Bailouts for Nukes:
BGOV Energy

Attention state lawmakers debating whether to bailout struggling nuclear plants, the two nominees for FERC say that's fine with them. Neil Chatterjee and Robert Powelson testified to the Senate Energy and Natural Resources Committee yesterday, and chairman Lisa Murkowski says the vote on the picks could come after the Memorial Day break.

"I think key to ensuring that reliability is that we have a diverse fuel source, including strong baseload power," Chatterjee said, according to Rebecca Kern. For struggling nuclear plants, Powelson pledged to work with the NRC and Energy Department to "to try to figure out a way on how do we keep these things viable."

[Read More: Energy Regulator Closer to Quorum as Committee Vote Nears](#)

Christi Tezak of ClearView Energy said to expect their confirmation before the July 4 recess.

"Although some members used the hearing to air opposition to a few policy positions of the Trump Administration, we did not see a clear indication from any Senator that participated during the hearing that would suggest an intention to seek delay in their consideration," she wrote.

Market Yawns

OPEC and its allies extended oil production cuts for nine more months after last year's landmark agreement failed to eliminate the global oversupply or achieve a sustained price recovery.

But no new non-OPEC countries will be joining the pact and there was no option set out to continue curbs further into 2018. The market was unimpressed as prices tumbled more than 5 percent to under \$49 a barrel in New York.

[Read More: OPEC, Allies to Extend Oil Cuts for Nine Months to End Glut](#)

Editor's Note

We hope everyone has a safe and barbecue filled Memorial Day holiday weekend. We'll be dodging the rain drops on Monday to smoke ours and will be back with the energy newsletter on Tuesday.

Texas Comes to D.C.

The Trump administration plans to name the former head of the Texas board charged with maintaining the state capitol grounds and governor's mansion as a director of the Department of Energy loan office, which has issued \$30 billion to help birth innovative companies, Ari Natter reports.

John Sneed served as the executive director of the Texas State Preservation Board until a year ago, including time under then-Governor Rick Perry. Perry is now the Energy Secretary. The position doesn't require Senate confirmation.

Things That Make You Go, Hmmm

"Coal does not even really make that much sense anymore," White House economic adviser Gary Cohn said. "Natural gas, which we have become an abundant producer of, which we're becoming a large exporter of, is such a cleaner fuel. If you think of how much solar and how much wind we've created in the United States, we can be a manufacturing powerhouse and still be environmentally friendly."

PJM Capacity

PJM's capacity auction is looking more and more epic the more we look at it. William Nelson from Bloomberg New Energy Finance says one result is clear: The Independent Power Producer "business model is under siege by cheap gas, overcapacity and environmental policies."

But, for all those warning that coal retirements may make it hard to keep the lights on, he adds this: "Reliability is not in jeopardy, despite the fact that units are suffering from lean energy markets. Plenty of generators are willing to eek by with low operating margins."

We've heard this described as a classic game theory problem: Plant owners are hoping to keep their plants alive; if others close then the remaining fleet will run at higher capacity and (perhaps) higher power prices. So far, however, there's no sign of an uptick in prices.

There's something happening here / What it is ain't exactly clear.

The energy market is so weird that, even with a coal backer and climate skeptic in the White House, the U.S. is "withing striking distance" of its goal laid out in Copenhagen to bring down emissions by 17 percent in 2020, according to a new [Rhodium Group analysis](#):

"U.S. oil and gas production has continued to surprise. Each year, U.S. supply seems to be larger and cheaper than the most optimistic estimates from just a few years before. The same holds true for wind and solar energy where thanks to dramatic cost and performance gains, these technologies have accounted for over half of new electric power capacity additions in recent years."

Power Grid Rules

Michael Liebreich of Bloomberg New Energy Finance laid out his six principles for the future of power markets this week. Read it [here](#). While some have mocked the Department of Energy's grid review, Liebreich echoes one goal of that study in his plan:

"Base-cost variable renewable power may be the cheapest source of supply, but it can only meet some proportion of demand, and it depends on the presence of other market players to pick up the slack."

"What the power system requires is clearly-defined, separate markets for variable power and dispatchable power."

This is not what the providers of solar and wind power are arguing, and not what their environmental champions mention when discussing power markets. But, it certainly deserves some attention.

But, over time, Liebreich argues for a very different policy move, one the exact opposite of what the Energy Department is considering: pushing out fossil fuel generators instead of subsidizing renewable energy.

"You will have to do one of three things: subsidize technologies that help turn variable supply into firm supply; create protected markets for them; or restrict the supply of high-carbon firm power."

Without that change, renewable energy will "stall out" at 20 percent to 40 percent of the market.

More Diesel Woes

The obvious question is now clear: Was it possible for any diesel engines to actually meet EPA's emissions standards?

Why do we ask? Here's the latest news:

General Motors Co. was sued for allegedly putting defeat devices in its trucks to beat

emissions tests, the sixth carmaker accused of diesel cheating since 2015, when Volkswagen AG admitted to installing software to bypass pollution rules.
[Read More: GM Accused in Owner Lawsuit of Using VW-Like Defeat Devices](#)

Solar Twist

J.P. Morgan points out a weird twist in Suniva's global safeguard complaint. One of the big winners if Suniva ends up prevailing and getting tariffs and/or a floor price imposed would be First Solar, which makes thin-film solar in Malaysia and the U.S. That's because the Suniva complaint targets crystalline silicon photovoltaic cells, and so thin-film, which is a bit more expensive now, would be relatively cheaper.

"We continue to believe it is reasonable to assume that First Solar will be able to raise pricing in the U.S. market should any action be upheld by the president," J.P. Morgan concluded.

And while much of the industry is focused on the tariff case, there are other factors to consider, the bank said: "Growth in the sector continues to be very dependent on government policy. As recent developments from Nevada to Berlin demonstrate, policies can

change quickly, and decisions are not always rational. Risk associated with policy changes is one of the most significant factors for investors in the solar industry to keep in mind."

True that.

In a related development: SolarWorld, the German solar maker with operations in the U.S., joined the Suniva trade complaint.

Quote of the Day

Lisa Murkowski says she's "willing to look" at a proposed draw down of the Strategic Petroleum Reserve if it's tied to increased production:

"If this administration is looking at it from the perspective of 'Well, the way that we lessen our need for a Strategic Petroleum Reserve is by increasing our own domestic product,'" then "talk to me about that," Murkowski told Ari Natter.

Quick Hits

- Atlantic hurricane season may bring more storms than normal, with a forecast 11 to 17 named storms, NOAA [said](#).
- Treasury Secretary Steven Mnuchin said he supports a plan from Senator Charles Grassley to provide a tax credit to biodiesel producers rather than to fuel blenders.
- A group of 22 Republican senators wrote Trump to say the U.S. should exit the Paris accord. Among the signatories: Mitch McConnell, John Barrasso and Orrin Hatch. Those who didn't sign include: Lisa Murkowski, Cory Gardner, Bob Corker and John Hoeven.
- FERC denied Rover pipeline's request to resume horizontal drilling at Captina Creek and Middle Island Creek sites. FERC barred Rover from horizontal drilling related to construction of certain segments after the company was cited by Ohio EPA for numerous spills.

Chart of the Day



Global solar installations may hit [81 gigawatts](#) in 2017, according to the most optimistic forecast by Bloomberg New Energy Finance, topping last year's record of 75 gigawatts.

China will continue as the largest contributor, with 29-31 gigawatts of new facilities being added.

Inside the Beltway

The public comment period on whether the government should preserve the newly designated Bears Ears National Monument is ending. But conservationists aren't counting on the Department of Interior doing a deep read of the hundreds of thousands of comments that have streamed in.

The department hasn't publicly committed to publish any document summarizing the comments it gets or responding to them point by point -- a common practice after the public weighs in on proposed rules or environmental analysis.

There's "a huge concern" that "the outcome is preordained," said Aaron Weiss with the Center for Western Priorities. "It is a huge concern that Interior would just pay lip service to this public comment period and then blow it off and do what President Trump has ordered Secretary Zinke to do."

The Center for Western Priorities, which generally supports the designations, says roughly 96 percent of comments back the national monuments, based on a sentiment analysis of a sampling of comments filed by Wednesday. Of those, roughly half specifically focus on Bears Ears.

"Zinke is going to have a hard time ignoring the results of this comment period," said Kate Kelly, public lands director at the Center for American Progress. "The comments are so overwhelmingly in support of Bears Ears and other national monuments that it just underscores what a difficult political and legal quandary Zinke has walked into."

Outside the Beltway

China Pushes Solar to the Roof as Bigger Plants Stay Idle

China is seeking to boost demand for solar panels mounted to roofs of homes and businesses as the market for larger utility-scale plants dries up. Installations atop factories, malls and airports are likely to surge sixfold to almost 40 gigawatts by the end of 2020 and 125 gigawatts by 2040, according to BNEF.

--With assistance from Ari Natter and Jennifer A. Dlouhy.

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