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**From:** Nolan, James [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=REDACTED]  
**Sent:** Wed 29/03/2017 12:46:59 PM (UTC)  
**Subject:** Fwd: Zinke Set to Announce Review of Oil, Coal Royalties: BGOV Energy

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**From:** "Nolan, James" <[REDACTED]@bp.com>  
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**Subject:** Zinke Set to Announce Review of Oil, Coal Royalties: BGOV Energy

## Zinke Set to Announce Review of Oil, Coal Royalties: BGOV Energy

By Mark Drajem and Ari Natter | March 29, 2017 06:03AM ET | Bloomberg Government

(Bloomberg) -- This is a true surprise: Interior Secretary Ryan Zinke is kick-starting a process that could lead to companies paying higher royalties for oil, gas and other energy resources they extract from federal land.

The two-year review, to be formally authorized today, is designed to determine whether Americans are getting a fair return for those natural resources, he told Jennifer Dlouhy.

"We're going to re-evaluate royalty rates across the board," Zinke said, stressing that the analysis will touch on the price developers pay for generating renewable power as well as unearthing fossil fuels.

A different administration would have paired the scaling back of regulations with the announcement of this possible hike in royalties. Instead, President Trump announced the regulatory rollback to great fanfare at the EPA yesterday, but then is putting out this possible hike in royalties with less hullabaloo.

Separately, Zinke said he's not only rescinding the moratorium on coal leases, but is also terminating the environmental review of coal leasing that was launched under Obama. Still, the possibility of higher royalty rates is not going to endear him to oil drillers and coal miners. (Of course, there's always the remote possibility it results in lower rates.)

### **Over to You, States**

As Trump scales down federal efforts to combat climate change, states are ramping up. California's Air Resources Board broke with Trump and voted to uphold auto fuel efficiency rules, while Illinois offered a bail out to carbon-free nuclear producers. Iowa and Michigan have moved to increase incentives for renewable energy, and Maryland's Republican Governor Larry Hogan is poised to sign a statewide ban on fracking.

In many Republican-led states -- ranging from Texas to Illinois -- solar, wind and energy efficiency have thrived as a way to cut electricity costs and boost jobs, not as a way to protect the planet. In other Republican states, lawmakers are pressing to roll back existing incentives for renewable energy, saying they want to protect coal and natural gas.

The result is likely "this weird Balkanization of the country where the states that are more coal friendly are going to do nothing," said Frank O'Donnell, president of Clean Air Watch, a non-profit watchdog organization. But "states that are more likely to deal with air pollution issues are going to continue on their way."

[Read the Full Story: As Trump Bows Out, States Seek to Fill Void on Climate Change](#)

### **EPA's Next Steps on CPP**

Trump's executive order gave EPA three choices for the Clean Power Plan: suspend, revise or rescind it. Andrew Childers offers one idea of how it could be revised:

A plan that Scott Pruitt floated when he was Oklahoma's attorney general would provide only one-tenth of the carbon dioxide reductions envisioned in the EPA's power plant rule—but it could form the basis of the Trump administration's replacement. Pruitt's plan would merely require utilities to operate at peak efficiency. In keeping with his pledge to restore cooperative federalism, it envisions a more "ministerial" role for the EPA while states take the regulatory lead.

[Is Pruitt's 2014 Plan a Blueprint for Carbon Rule Replacement?](#)

### **Trump's True Enemy: Cheap Gas**

At least six gas-fired plants are planned in the Ohio River Valley over the next four years. That's enough to supply more than 4 million homes, and topple coal as the state's main source of electricity, Naureen Malik and Tim Loh report.

That's what makes it so hard for Trump to bring back mining jobs in states like Ohio where the coal vote helped put him in the White House. It's one thing to scrap his predecessor's green agenda, as Trump did today with an executive order that cancels various carbon-cutting policies. Taking on the market is another matter.

Without state or federal support, "it's a question of how long these coal plants hang around," said Prajit Ghosh, an analyst at Wood Mackenzie Ltd. "The economics are more and more strained."

### Coal Is Losing an Appalachian Stronghold as Trump Fights Back

(Attorney Brian Potts says the Trump administration may have inadvertently ranked its favorite fuels in the EO: oil, natural gas, coal and nuclear. This kind of makes sense.)

### **Wednesday Lobbying**

Valero Energy has tapped Daryl Owen Associates to lobby on the Renewable Fuel Standard, according to recently filed lobbying disclosure forms. Adam Ingols, who has previously had stints at the Energy Department and with Speaker Dennis Hastert, and Daryl Owen, who has worked for Senator Bennett Johnston will be representing the company, which has sought changes to the RFS's so-called point of obligation.

### **One Sad Republican**

Trammell Crow, a Texas Republican who runs the state's Earth Day, stopped by our office yesterday and said he was not pleased with Trump's energy order. Crow said he met with Reince Priebus and talked about environmental protection: "I can't help but believe that all of these guys understand the science," he said. "I don't know how to explain what's happening today."

Crow said the Earth Day event, held at the Texas fairgrounds next month, is set to have 150,000 attendees, including business executives from Exxon Mobil, ConocoPhillips and Shell. He will also be trying to connect a number of small clean-tech firms with Texas investors. "Most were introduced to us through APRA-E." Ahhh, well. Hope he has some other ideas for next year.

### **People on the Move**

Eben Burnham-Snyder, who served as Energy Department spokesman during the tenure of Ernest Moniz, has joined Cheniere Energy as vice president of communications. "I'll be based in Houston, but will still be spending lots of time in DC as my wife continues to lap me in graduate degrees and my daughters outperform me in basic arithmetic," Burnham-Snyder writes in an email.

### **Quote of the Day**

"Perhaps no single regulation threatens our miners, energy workers and companies more than this crushing attack on American industry," Trump said of the Clean Power Plan. "My administration is putting an end to the War on Coal."

### **Bonus Quote**

"It's not a good day for me. But more importantly it's not a good day for American families. We did not do this because we thought it was interesting to do, we did it because it was essential to public health," said Obama's EPA Administrator Gina McCarthy.

### **Also Today**

#### EPA Should Continue Human Exposure Research, Panel Finds

Maryland Fracking Ban Awaits Governor's Signature

Trump Proposes Deep Cuts to Energy Dept in FY2017 Request

Georgia Regulator Expects Westinghouse to Exit Nuclear Project

Infrastructure Battle Looms as Trump Ends Climate Reviews

### **For the Opposition**

To get a sense of what Nathan Richardson thinks of Trump's executive order, consider this: He compares it to the Dred Scott decision. For a sobering take on what it means, read his [blog here](#).

### **Chart of the Day**

President Trump's decision to [scuttle](#) Barack Obama's Clean Power Plan is a win for coal-fired electricity use in the U.S. The amount of power generated from burning coal may be 61 percent higher in 2050 if the limits are removed, according to the U.S. Energy Information Administration.

### **Inside the Beltway**

Senate Majority Leader Mitch McConnell has reintroduced legislation that would provide \$1 billion to clean up old coal mines.

The bill, known as the Revitalizing the Economy of Coal Communities by Leveraging Local Activities and Investing More (RECLAIM) Act, would take money out of the existing Abandoned Mine Land Fund and direct it toward cleanup projects.

The House's version was also introduced in the House by Representative Hal Rogers.

### **Closed Rule For EPA Advisory Board Bill**

Legislation that would allow people "that may have a potential interest in" the EPA's Scientific Advisory Board to join "so long as that interest is fully disclosed" has cleared the House Rules Committee, setting up a vote expected later this week. The EPA Science Advisory Board Reform Act of 2017 (H.R. 1431) will be considered under a closed rule, meaning no amendments can be offered on the House floor.

--With assistance from Jennifer A. Dlouhy.

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