

A Bipartisan Bill On Energy Policy?

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The U.S. Department of Energy released its Quadrennial Energy Review on April 21, 2015, which includes a series of recommendations to upgrade the country's aging energy infrastructure (from our natural gas infrastructure to rail and fleets), continue to reduce greenhouse gas emissions, improve the electric grid's reliability and revisit the country's Strategic Petroleum Reserve policies, among other issues.

The report, which has been underway since early 2014, is the Obama administration's attempt at setting the stage for future years. It includes the following sections:

- Increasing the Resilience, Reliability, Safety and Asset Security of Transmission, Storage and Distribution (TS&D) Infrastructure: covers the electric grid, natural gas infrastructure as well as liquid fuel infrastructure.
- Modernizing the Electric Grid: examines how the grid can provide affordable and reliable clean energy.
- Modernizing U.S. Energy Security Infrastructures in a Changing Global Marketplace: analyzes the future role of the Strategic Petroleum Reserve, delivery of propane and alternative fuels and the U.S. shipbuilding industry for marine transport.
- Improving Shared Transport Infrastructures: reviews existing transportation assets including railroads, highways, waterways, ports and intermodal facilities.



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- Integrating North American Energy Markets: examines several energy markets, including North American, the Caribbean and Arctic regions.
- Addressing Environmental Aspects of TS&D Infrastructure: considers the environmental impacts of transmission, storage and distribution.
- Enhancing Employment and Workforce Training: provides an overview of existing and projected employment in the energy sector.
- Siting and Permitting of TS&D Infrastructure: focused on addressing issues related to siting and permitting of transmission, storage and distribution.
- Analytical and Stakeholder Process: provides an overview of the analyses and outreach used to complete the report.

Many of the issues addressed in the report cross multiple agencies and impact state authorities. The Obama administration hopes the QER will help initiate these important discussions with relevant stakeholders. In total, the QER calls for more than \$15 billion in new spending programs or tax credits to support the infrastructure initiatives in the recommendations.

The release of the report is timely as activity is ratcheting up in the House of Representatives and Senate. Both bodies have begun to schedule hearings at their respective energy committees and the first major energy bill in almost a decade will be seriously considered. The Obama administration's nod toward improving energy infrastructure is sure to draw some support across party lines, however other recommendations, such as those focused on improving methane emissions reporting in natural gas development, will face a difficult time given the Republican majorities in Congress and concerns from industry. America's Natural Gas Alliance offered support for the QER for its emphasis on jobs and safety, while disagreeing on the need for a mandatory methane emissions program, preferring cooperative efforts with industry instead.

Congress also must pass an extension to the Surface Transportation Act, which could become a vehicle for some of the recommendations outlined in the report. Transportation infrastructure is a major component of the QER with new investments called for highways, rail and the waterway systems. The report highlighted the growing number of crude oil rail accidents and the need to address the issue.

The Senate wasted no time holding a hearing on the report one week later, on April 28, 2015, in the Senate Energy and Natural Resources Committee. During the course of the hearing, chairwoman Lisa Murkowski, R-Alaska, both praised the release of the report, calling it a "template" to move the energy debate forward, but was also critical of the over emphasis on federal spending and not enough attention to solving our infrastructure needs, such as oil exports and the keystone pipeline. Ranking member

Maria Cantwell, D-Wash., expressed her optimism that the report could be used to help move a bipartisan energy bill.

The House of Representatives, which is further along in drafting an energy infrastructure bill, also praised the release of the report. Energy and Commerce Committee Chairman Fred Upton, R-Mich., and subcommittee chairman Ed Whitfield, R-Ky., released a joint statement saying, "While we share our differences with this administration regarding energy policy, when it comes to the transmission, storage, and distribution of our resources, we can all agree that targeted changes to our laws and policies are necessary." Of course, the devil is in the details and it remains to be seen whether the Obama administration and Congress can agree on those details.

Environmental groups friendly to the Obama administration seized on the report's findings regarding grid modernization and investments in clean energy as the path forward to combating climate change. Natural Resources Defense Council President Rhea Suh stated, "A smart 21st century power infrastructure, combined with the increasing deployment of energy efficiency and renewable sources of energy, will ensure America's continued economic prosperity and competitiveness while protecting our health and the health of our planet by reducing carbon pollution."

The report was generally praised by the energy industry for its calls for investment in infrastructure spending and its focus on the problems facing industry today. Although some in the industry faulted the call for more regulations such as mandatory methane programs, others mentioned the obstacles created for the energy sector by the regulatory programs at the U.S. Environmental Protection Agency. Most also took the opportunity to tout their own private sector initiatives, such as private sector investments in pipeline upgrades.

As we approach the summer driving season, both Congress and the executive branch have energy legislation on their radar and will be ramping up their rhetoric. This report is important for anyone in the energy industry (utilities, oil and gas companies, renewables, coal, nuclear, storage and power markets); for the supporting industries such as rail, barge and equipment companies; and for energy intensive manufacturers.

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