Message

From: Morning Energy [morningenergy@politico.com]
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To: Jackson, Ryan [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=38bc8e18791a47d88a279db2fec8bd60-Jackson, Ry]
Subject: POLITICO's Morning Energy: Pruitt probe heats up — When FERC met PJM — Biofuels group challenges EPA small refiner waiver

By Kelsey Tamborrino | 05/02/2018 10:00 AM EDT

With help from Alex Guillén, Tim Starks and Eric Wolff

EPA Administrator Scott Pruitt is trying to keep a low profile since last week's double dose of congressional hearings, where he blamed his staff for some of the swirling critiques he's confronting. EPA doesn't release Pruitt's public calendar ahead of time - or even where he is currently - so his wherabouts are a bit of a mystery. But Playbook reported this weekend the administrator took an early flight Saturday toward Charlotte - notably, not in first class. But that doesn't mean Washington has stopped thinking about his travels and travails.

The hits keep coming: Hours after news emerged that two close Pruitt aides were departing, the New York Times reported that Pruitt is seeking to establish a legal defense fund, which he is expected to operate privately, with no EPA affiliation. And the Times reported more on the lobbying done by J. Steven Hart, whose wife rented the infamous $50-a-night condo to Pruitt. An email provided by congressional investigators detailed how Hart asked Pruitt for help getting "three people recommended by the lobbying firm's client, Smithfield Foods, appointed to the E.P.A.'s prestigious Science Advisory Board."

The Smotkin gun: On top of that, The Washington Post reported that Pruitt's controversial LNG-promoting trip to Morocco last year was planned partly by former Comcast lobbyist and Pruitt friend, Richard Smotkin, who accompanied the administrator and his entourage at multiple stops. As he aided the EPA chief's visit, Smotkin was on the verge of securing a $40,000 monthly contract with the Moroccan government. As the Post notes in the story , federal laws "prohibit public officials from using government resources to financially benefit friends, relatives or other people with whom they have personal connections." Late Tuesday, two Democratic members of the Senate EPW Committee called on their Republican colleagues to invite Pruitt back before the panel to answer questions on the trip. "Enough is enough," Sens. Tom Carper and Sheldon Whitehouse said in a statement. "Administrator Pruitt needs to explain this trip, as well as the flood of scandal he has brought to the EPA."

Hometown glory: And it seems that Pruitt explored establishing an EPA office is his hometown of Tulsa, Okla., Democrats alleged in a new letter that surfaced Tuesday, Pro's Alex Guillén reports. House Science ranking member Eddie Bernice Johnson, Don Beyer and Suzanne Bonamici sent letters to EPA and the General Services Administration , where they laid out how Pruitt requested a conference room, secure parking space and a Secure Compartmented Information Facility for a Tulsa office. Keep in mind: Oklahoma is part of EPA's Region 6, which has headquarters in Dallas, about 240 miles from Tulsa. In a statement to ME, EPA spokesman Jahan Wilcox said that since 2012, there's been an EPA office in Tulsa for two employees for when they need to work remotely. "This location is not practical or usable for Administrator Pruitt's business and he has never used this office," Wilcox said. Read more from Pro's Alex here.

Oversight foresight: Democrats' allegation comes as House Oversight Committee staff meets with Pasquale "Nino" Perrotta, the former head of Pruitt's security team, today. Perrotta and Albert "Kell" Kelly, a former banker and longtime friend who ran the agency's Superfund task force, both made for the EPA exit on Tuesday. A notable detail about that: Perrotta's departure means that EPA's inspector general, who has been investigating

the security spending, can no longer compel him to cooperate with the probe, Alex and Anthony Adragna report . An IG spokeswoman declined to comment how that would affect the inquiry or whether the investigators had yet spoken to him.

IT'S WEDNESDAY, MAY 2! I'm your host Kelsey Tamborrino. Congrats to Entergy's Rob Hall, who was first to identify Ulysses S. Grant as the president who first brought a *professional* baseball team to the White House - the Cincinnati Red Stockings in 1869. However, as some of you pointed out, Andrew Johnson welcomed the Washington Nationals and Brooklyn Atlantics, two amateur clubs, in 1865. Today's question is for ME geography fans: Name the eight countries that 0 degrees longitude passes through. Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter @kelseytam, @Morning_Energy and @POLITICOPro.

POLITICO's Ben White is bringing Morning Money to the Milken Institute Global Conference to provide coverage of the day's events and evening happenings. The newsletter will run April 29 - May 2. **Sign up to keep up with your daily conference coverage.**

WHEN FERC MET PJM: FERC Commissioner Robert Powelson will deliver a keynote address today on energy and environmental developments in the PJM region, during a workshop hosted by the Great Plains Institute and Duke University's Nicholas Institute for Environmental Policy Solutions. PJM will follow up the workshop with its own meeting Thursday of state energy and environmental regulators focusing again on policy developments in PJM wholesale markets. The meeting is especially timely as the regional transmission organization is as much in the news lately as an opponent of DOE's plans to subsidize coal and nuclear plants in danger of retirement, and more recently for a plan to reward power plants who provide fuel security in the form of fuel on site.

- **After Powelson's keynote this morning,** Adam Keech, the executive director of PJM market operations will present on recent developments at the RTO. A panel of state leaders will follow with reactions to PJM proposals on state-level developments and an industry panel will explore trends in the electricity industry. Lastly, a third panel today will look into "timely environmental issues," like the new tax credit for carbon capture and storage projects and Virginia's move to join the Regional Greenhouse Gas Initiative. **If you go:** Today's workshop begins at 9 a.m. at 1000 H Street NW.

TODAY: NEW INDUSTRIAL THREATS: The firm Tenable is revealing today that it discovered a major vulnerability in multinational energy giant Schneider Electric's applications that are widely used in manufacturing facilities, power production plants and public utilities. "If exploited, the vulnerability could give cybercriminals complete control of the underlying system," according to the company. "In a worst case scenario, attackers could use the vulnerability to disrupt or even cripple plant operations." Tenable said Schneider Electric issued a patch earlier this month. The discovery comes after technicians earlier this year found frightening industrial malware on Schneider Electric software. The announcement follows recent warnings from Homeland Security and the FBI about Russians targeting U.S. critical infrastructure.

WARREN, SANDERS: PICK A BETTER ADVISER: A pair of senators want President Donald Trump to select a new Homeland Security adviser who believes in the science of climate change, knocking the previous adviser for his comments on the science. In a letter, Sens. Elizabeth Warren and Bernie Sanders highlighted last year's devastation caused by Hurricanes Harvey, Maria and Irma, arguing that whoever takes over the role would be responsible for overseeing the White House's response to natural disasters.

"Unfortunately, catastrophic hurricanes like Harvey, Maria, and Irma are likely to become more common as climate change causes hurricanes to become more intense, carry more rain, and cause worse flooding due to sea level rise and warmer water temperatures," they write, highlighting how the White House's previous adviser Tom Bossert, who resigned in April, hedged on the science after last year's historic hurricane season. At the time, Bossert said the administration does "continue to take seriously the climate change - not the cause of it,

but the things we observe." Warren and Sanders write that it's "critical" the president selects an adviser who takes "seriously both the causes and observable results of human-induced climate change." Read it here.

A QUOTA SYSTEM? Every country given an exemption to Trump's contentious steel and aluminum tariffs will face an import quota and other restrictions, White House trade adviser Peter Navarro said Tuesday during a meeting of steel industry executives. The tariffs have been hit with widespread backlash among the business community - including oil and natural gas pipeline organizations. Read more from POLITICO's Megan Cassella.

BIOFUELS GROUP CHALLENGES EPA SMALL REFINER WAIVERS: The Advanced Biofuels Association, which represents advanced biofuels makers, is suing EPA for allowing several small refiners to duck their obligations under the Renewable Fuel Standard, Michael McAdams, head of the association, tells ME. Ethanol producers of all stripes are furious with EPA for its expanded use of the waiver, which the producers say is reducing ethanol blending and violates Trump's promises to corn states to protect the program. Reuters first reported the lawsuit.

Refiners already playing defense: The petitioner's statement in the case appears to reflect "a fundamental misunderstanding of the hardship exemption. EPA's current actions are fully consistent with the Clean Air Act," said Scott Segal, an attorney with the firm of Bracewell who works with refiners. "The small refinery exemption provision is well established."

BLANKENSHIP DOUBLES DOWN: West Virginia GOP Senate hopeful Don Blankenship's campaign seemingly responded to outcry concerning its recent ad that called Senate Majority Leader Mitch McConnell "Cocaine Mitch." ME told you about the ad, which was taken down , Tuesday morning. But it later reappeared on Blankenship's Facebook page, with a lengthy explanation for the phrase. McConnell's father-in-law "founded and owns a large Chinese shipping company" that "was implicated recently in smuggling cocaine from Colombia to Europe, hidden aboard a company ship carrying foreign coal was $7 million dollars of cocaine and that is why we've deemed him 'Cocaine Mitch,'" the description reads. Read it here.

- Fox News hosted a nationally televised debate on Tuesday for the top three West Virginia Republican candidates: Blankenship, state Attorney General Patrick Morrisey and Rep. Evan Jenkins. During the debate, Jenkins touted his Trump endorsement and Blankenship defended his actions tied to the 2010 Upper Big Branch mine disaster that killed 29 people. The former Massey Energy CEO was also asked if he accepted responsibility for the deaths of the miners: "I am accepting the responsibility to do everything I can to keep it from happening again," he said. Read the recap from Fox here.

THE MORE YOU KNOW: CNN White House reporter Betsy Klein tweeted on Tuesday that she participated in a tour of the underground basement of the Lincoln Memorial, led by none other than Interior Secretary Ryan Zinke. "The Secretary is the only person who can give a tour here, & does so a couple times a [week]," Klein tweeted. See the pictures here.

MR. BIG SKY STATE: Amid a swirling presidential feud with vulnerable Montana Sen. Jon Tester, White House legislative affairs director Marc Short called into a local talk radio station , where he noted Trump could head to the state "very soon." Trump "is very excited," Short said on "Montana Talks" on Tuesday. "We were just having a meeting about that earlier this morning, about trying to find a time ... but I hope that your listeners will look forward to seeing him sometime very soon." Home to Zinke, ME readers will recall that close to one-third of the land in Montana is under federal government ownership. That could become a key sticking point in Tester's race for reelection, especially while he fends off escalating attacks from the president.

MAIL CALL! Carper, the top Democrat on the EPW Committee, sent a letter to Transportation Secretary Elaine Chao and Pruitt, calling on them to stop their effort to undo emissions standards - the subject of a lawsuit Tuesday by California and other entities. "I urge you to immediately disavow this proposal and instead work to

negotiate a 'win-win' solution on federal fuel economy and tailpipe emissions standards that can be supported by both the automobile industry and the State of California," Carper writes. Read it here .

PERRY'S IN ALASKA: Energy Secretary Rick Perry shared a video on Twitter of him arriving in Alaska on Tuesday. "Excited to tour Alaska's energy infrastructure with Sen. @LisaMurkowski. Can't wait to see #NewEnergyRealism at work," he wrote, referring to a term he recently discussed at CERAWeek in Houston.

MT. TRUMPMORE: The Hill reports Tuesday on "Project Trumpmore " - an effort by a Finnish climate group to raise $500,000 to carve Trump's face into an arctic iceberg. It's an attempt by the group, which is called the Melting Ice Association, to prove global warming exists by carving a 115-foot ice sculpture of Trump's face. "We want to build the monument for all of us, so we can see how long the sculpture lasts before melting. Often people only believe something when they see it with their own eyes," said Nicolas Prieto, the group's chairman, in a statement.

MOVER, SHAKER: Alaska's congressional delegation announced Tuesday that John Torgerson will become interim federal co-chair of the Denali Commission. Joel Neimeyer left the vacancy earlier in April, prompting the delegation to send a letter to Commerce Secretary Wilbur Ross requesting an interim federal co-chair as the administration vets a replacement.

SPOTTED: House Natural Resources Chairman Rob Bishop was hiking Utah's National Zion Park, when he posed for a pic with a group of third graders. See it here.

VIRGINIA STANDS FIRM ON COAL ASH: Virginia went on record Tuesday to declare it would not change its program for regulating coal ash, regardless of any changes made by the EPA to the federal rule. Democratic Gov. Ralph Northam said in a statement that Virginia's Department of Environmental Quality will instead "maintain its stringent program" for the waste after EPA announced in March that it was redoing the rules. The commonwealth also submitted comments to EPA on the proposal here.

QUICK HITS

- Dominion's long-term plan includes more solar, natural gas, Associated Press.

- Statoil about to become Equinor with growing renewable focus, Chron.

- West Virginia reaches $2.65M settlement with Volkswagen, Associated Press.

- Tesla feels the weight of solar panels, The Wall Street Journal.

- U.S. to fund batteries that store power for days, not hours, Bloomberg.

CORRECTION: The May 1 edition Morning Energy misspelled the name of the director of the Solar Energy Technologies Office. It is Charlie Gay.

THAT'S ALL FOR ME!

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https://www.politico.com/newsletters/morning-energy/2018/05/02/pruitt-probe-heats-up-199683

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