Message

From: POLITICO Pro Energy [politicoemail@politicopro.com]
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Subject: Morning Energy, presented by ExxonMobil: Democrats try to make GOP pay at the pump — Nukes out at PJM even as capacity prices double — Senate Appropriations marks up Energy-Water

By Kelsey Tamborrino | 05/24/2018 05:42 AM EDT

With help from Anthony Adragna and Eric Wolff

PUMP UP THE VOLUME: Days away from the Memorial Day weekend, gas prices are on the rise — and Democrats didn't have to look far for someone to blame. During a press conference in front of a notably pricey Exxon gas station, Democratic leaders blamed President Donald Trump's foreign policy decisions — including his move to reimpose sanctions on Iran — for the 50-cent-per-gallon surge in prices since he took office. "There's a straight line between Trump's policies and the price of gasoline," Sen. Brian Schatz told Pro's Ben Lefebvre and Anthony Adragna.

A page out of the Trump playbook: In pushing the blame onto Republicans, Democrats aren't breaking new ground. Trump himself called for former President Barack Obama's firing when in October 2012 gas prices hit "crazy levels." Republicans weren't surprised by the Democratic talking point, either. "Everyone's going to look for whatever political leverage they have going into an election," Sen. Lisa Murkowski said. "[But do] you think that Republicans created the high prices? No."

Roadblocks ahead: The Democratic message faces a big obstacle: Short of an energy crisis like the one President Jimmy Carter faced in his 1980 reelection campaign, it's tough to convince voters the president is to blame for expensive gas. Especially because the White House has little control over gas prices, which largely track the movement in global crude oil market prices. Energy market watchers say the price rally is largely due to moves by OPEC and Russia, in addition to the collapse of Venezuela's oil industry. Read more.

RELATED DOC: Trump has staffed his administration with oil and auto industry insiders, according to a new report from ethics watchdog group Public Citizen. The report breaks down industry influence by the numbers and finds 52 administration staff members have oil and gas ties, 15 with auto industry ties and 10 who have ties to both. Those industry ties are most concentrated at EPA, Interior and the White House. Read the report.

GOOD THURSDAY MORNING! I'm your host Kelsey Tamborrino. Congrats to the American Petroleum Institute's Khary Cauthen, who was the first identify Franklin D. Roosevelt as the first president to have a state car custom built to Secret Service standards. For today: In what year did someone first attempt to jump the White House fence? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter @kelseytam, @Morning_Energy and @POLITICOPro.

POLITICO and the South China Morning Post are partnering to expand coverage of U.S.-China relations. Read our note from POLITICO Editor-in-Chief John Harris and Editor Carrie Budoff Brown to learn more. If you want all China-related content that appears through this partnership sent directly to your inbox, go to your account settings to sign up for the South China Morning Post tag or reach out to your account manager for assistance.

COMMENT PERIOD EXTENDED: EPA extended the comment period for its controversial "secret science" proposal that was set to end on May 30. The public will now have until Aug 16 to make their voices heard on

the proposal to ban the use of studies that don't publicly disclose all data. EPA also said it would hold a public hearing July 17 in Washington on the proposal rule, heeding public requests to do so.

NUKES OUT OF PJM EVEN AS CAPACITY PRICES DOUBLE: PJM Interconnection, which manages the nation's largest power market, shed almost a third of its nuclear capacity in capacity auction results released yesterday for the 2021-22 delivery year. The auction, which provides extra payments to generators in return for staying available to run at any time, saw prices nearly double to $140 per megawatt-day, and it will generate $9.3 billion in revenue for companies with plants that cleared. Stu Bressler, PJM's senior vice president for Operations and Markets said prices rose because companies were trying to make up revenue lost to lower energy prices. "The offers from supply resources into the capacity auction take into account the actual as well as the anticipated energy revenues when they construct those offers in order to meet their required revenues," he told reporters Wednesday.

More megawatts cleared the auction for every other fuel type. Solar capacity quadrupled and wind added 529 MW, making up for ground lost in last year's auction. Coal added 500 MW compared to the previous auction, something that may catch the attention of the Department of Energy, which is trying to save coal plants. "The results of this auction should reassure everyone that the electricity markets are working and maintaining a reliable system," said Susan Buehler, a spokeswoman for the grid operator. "PJM has always said we don't believe there is any need for intervention."

Plenty of power: PJM continues to have far more power than it needs to meet reserve requirements. In 2021-22, it will have a 21.5 percent reserve, well above the 15.8 percent target. That reserve is actually down 2 points from the auction to supply power for 2020-21.

EVERY BILL GETS ITS DAY: The Senate Appropriations Committee will mark up its fiscal 2019 Energy-Water appropriation bill, which puts discretionary funding at $43.8 billion — $566 million more than this year's appropriation and $7.2 billion more than the administration requested. The bill provides $6.65 billion for the Office of Science — a $390 million boost — and would increase funds for ARPA-E, which the White House has sought to eliminate. The committee will also consider so-called 302(b) allocations.

How it'll play out: Lamar Alexander is already eyeing how the Senate might move on the title in the coming weeks. "My guess would be two or three bills would come over from the House, Sen. [Mitch] McConnell could put those bills together, put them on the floor at once and allow amendments to them all," Alexander, who chairs the Energy and Water Subcommittee, told reporters. He added that 83 senators had provided input into his bill and that his subcommittee was able to address those suggestions "to some degree in almost every case."
If you go: The markup kicks off at 10:30 a.m. in 106 Dirksen.

BRIDENSTINE'S CLIMATE EVOLUTION COMPLETE: NASA Administrator Jim Bridenstine endorsed a major federal report that echoed the scientific consensus that human activity is the primary driver of climate change. Under questioning Wednesday from Sen. Brian Schatz, the former Oklahoma lawmaker said the National Climate Assessment "has clearly stated that it is extremely likely ... that human activity is the dominate cause of global warming and I have no reason to doubt the science that comes from that." Bridenstine agreed that his new position on the science constituted an evolution of his views and vowed to protect climate science work at the space agency. Keep in mind: The climate report in question is the same assessment Administrator Scott Pruitt sought to rebuff in his proposed "red team-blue team" debate. Watch the Bridenstine clip here.

WHEN WE LAST LEFT OUR HEROES: Top deputies across the Trump administration — including EPA Deputy Administrator Andrew Wheeler, Deputy Energy Secretary Dan Brouillette and USDA Deputy Secretary Stephen Censky — will meet today to try to resolve long-standing tensions over the Renewable Fuel Standard. The group will pick up where the president left off during his meeting on the topic last month, including the unfinished business of whether to allow biofuel exports to receive Renewable Identification Numbers, and whether to reallocate the gallons small refiners were exempted from blending under economic hardship waivers

from EPA. A refining source previously told Pro's Eric Wolff the USDA is trying to capitalize on the controversies surrounding EPA and has been pressing the agency to move quickly on allowing year-round sales of 15 percent ethanol fuel.

And with small refinery exemptions on the table, ME will be looking to see how Wednesday's news that Marathon Petroleum asked EPA for an exemption plays out. Ahead of today's meeting, the ethanol and biofuel trade association Growth Energy released a statement that called out the "flood of illegitimate waivers" and their resulting "'demand destruction' for U.S. farmers at a time when rural communities can least afford it."

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BIODIESEL WANTS MORE: Biodiesel producers think EPA should crank up the biodiesel requirement, not leave it flat, as POLITICO reported yesterday. "These rumored numbers are disappointing," Kurt Kovarik, VO for federal affairs for the National Biodiesel Board said in a statement. "Holding biomass based diesel flat is a missed opportunity to signal growth, which is what the RFS is intended to do. ... The easiest way to fix this and turn around growing dissatisfaction among rural voters is to provide growth to the biodiesel industry and increase this number."

STILL WORKING: John Cornyn, the Senate's No. 2 Republican, said he continues to have discussions on his legislation to overhaul the Renewable Fuel Standard "almost daily, certainly at the staff level," but wasn't sure the talks would bear fruit this year. "We keep making progress but the goal line still seems some ways a way," he told reporters. "I'd love to solve the problem this year, but I just don't know."

CARB AND EPA HAVE A MEET: EPA and the California Air Resources Board met Wednesday to open negotiations on a single unified standard for fuel economy, following a White House meeting with automakers earlier in the month. EPA and the National Highway Traffic Safety Administration are threatening to try and revoke California's waiver, risking a lengthy court battle that could balkanize the auto market. "Today's conversations between Administration Officials and the California Air Resources Board were productive," EPA and the Department of Transportation said in a joint statement following the meeting. "We are fully supportive of an open dialogue that proceeds in an expedited manner. EPA and USDOT look forward to moving ahead on a joint proposed rule and receiving practical and productive feedback from all stakeholders."

MOVING QUICKLY: Senate EPW Chairman John Barrasso said Wednesday he's working to reach a time agreement with Democrats to speed floor consideration of a broad water infrastructure package S. 2800 (115) that cleared his panel unanimously earlier this week. Barrasso said it would "be great" to get the bill passed before the Fourth of July recess. His Democratic counterpart on the panel, Sen. Tom Carper , agreed it wouldn't take long for the Senate to complete its work on the bill: "I don't think we're going to need a week. We might need a day," he said.

N.J. GOV DEFENDS EXXON SETTLEMENT USE: New Jersey Gov. Phil Murphy defended using money from a $225 million settlement with Exxon Mobil to help balance his state's budget. The Democratic governor told reporters he wasn't happy about the decision, but said the state had "been dealt a lousy hand." Environmental groups are appealing the settlement in the hopes of negotiating a new deal, Pro New Jersey's Danielle Muoio reports.

MAIL CALL! FINISH UP, FERC: A new letter from 16 Democratic senators calls on FERC to finish up its rule to allow distributed energy resources to connect to the grid. The letter, led by Sheldon Whitehouse and Ed Markey, concerns the integration of DERs and renewable aggregators into capacity and energy markets. "This

will enable consumers to play a central role in strengthening reliability and avoiding unnecessary costs by supplying localized energy services," the senators write. Read the letter.

REPORT: TRIBAL COMMUNITIES AT RISK: The Clean Air Task Force published a new brief Wednesday on the adverse health effects from oil and gas pollution on tribal lands. The report, which looked at lands in New Mexico, North Dakota and Utah, found that Native Americans face disproportionate health risks from living near sources of pollutants, such as VOCs, NOx and resultant smog.

WHAT'S HAPPENING IN COLORADO? The Colorado Association of Commerce and Industry and the National Association of Manufacturers will host an event today with former Interior Secretary and Colorado Attorney General Gale Norton, focusing on the Boulder, Colo., climate lawsuit against energy manufacturers over their role in contributing to climate change. Ahead of the event, Independent Petroleum Association of America's Energy in Depth is launching a digital ad buy in the state on the opposition against the lawsuit. Watch the video.

THANKS, CHARLIE: The Citizens for Responsible Energy Solutions will announce a $185,000 television and digital ad buy today, thanking Massachusetts Gov. Charlie Baker for his actions addressing climate change and on clean energy solutions. The ads will run across the state and encourage residents to thank Baker for his leadership.

MOVER, SHAKER: Van Ness Feldman announced Wednesday that Jason Larrabee, former Interior principal deputy assistant secretary for fish and wildlife and parks, has joined the firm as a senior policy adviser.

QUICK HITS

— Critics: EPA can't keep prior fuel economy data in its blind spot, Bloomberg BNA.

— Coal company claims bank did not allow it to make loan payments, S&P Global.

— Zinke, Burgum tout innovation over regulation at oil conference, Bismarck Tribune.

— How more carbon dioxide can make food less nutritious, The New York Times.

— New documents show why Pruitt wanted a "campaign-style" media operation, Mother Jones.

HAPPENING TODAY

10:30 a.m. — Senate Appropriations Committee markup of FY 2019 Energy-Water bill and consideration of 302(b) allocations, 106 Dirksen

11:00 a.m. — The National Oceanographic and Atmospheric Administration conference call briefing on the 2018 Atlantic hurricane season outlook, Lakeland, Fla.

12:45 p.m. — The Center for Strategic and International Studies conference on "Can Nuclear Compete?" 1616 Rhode Island Avenue

1:00 p.m. — The National Academy of Sciences' Polar Research Board webinar on "Shaping Scientific Committee on Antarctic Research's New Scientific Research Programs"

5:30 p.m. — U.S. Green Building Council holds 2018 Building Tech Forum, Boston

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Stories from POLITICO Pro

Democrats turn to GOP playbook in pinning gas prices on Trump Back

By Ben Lefebvre and Anthony Adragna | 05/24/2018 05:02 AM EDT

A spike in gasoline prices is giving Democrats a rare chance to borrow an old Republican tactic: pounding the occupant of the White House for motorists' pain at the pump.

They're unleashing the message with gusto against President Donald Trump, arguing that his foreign policy moves — including his push to reimpose sanctions on Iran — are to blame for a 50-cent-per-gallon surge in prices since he took office. Democrats also note that gas prices are the highest they've been in nearly four years despite the multibillion-dollar windfall that oil companies are set to receive from the GOP-backed tax bill.

"There's a straight line between Trump's policies and the price of gasoline," Rep. Brian Schatz (D-Hawaii) said in a brief interview, echoing a growing chorus of Democrats.

Voters are already feeling spooked: Forty-two percent of Americans won't take a road trip for summer vacation this year, a much lower number of people than last year, and many of them cited higher gas prices as the reason, according to a survey by gas station data company GasBuddy.

But the Democratic message faces a big obstacle, even as the party is riding a wave of optimism to the November midterms: Short of an energy crisis like the one former President Jimmy Carter faced in his 1980 reelection campaign, it's tough to convince voters the president is to blame for expensive gas, as GOP candidate Mitt Romney found out when he tried to use it against former President Barack Obama 2012.

Trump himself frequently criticized Obama for rising gas prices in the run-up to his reelection, tweeting weeks before the November 2012 vote, "Gas prices are at crazy levels--fire Obama!"

GOP lawmakers say they aren't surprised by the Democrats' efforts and they doubt voters will buy the attacks.

"Everyone's going to look for whatever political leverage they have going into an election," Sen. Lisa Murkowski (R-Alaska), chairwoman of the Energy and Natural Resources Committee, told POLITICO. "[But do] you think that Republicans created the high prices? No."

Still, Democrats believe that the jump in prices at the pump to nearly $3 a gallon will be a core pocketbook issue for voters on the Memorial Day weekend, which signals the beginning of the high-demand summer driving season.

"I'm going to be having town meetings at home over the course of the week. They'll be in rural areas. People drive a long way and they're not going to see this as an abstract issue," Sen. Ron Wyden (D-Ore.), the top Democrat on the Senate Finance Committee, told POLITICO.

Wyden's panel on Tuesday released a report highlighting the fact that the nation's four largest oil companies are poised to reap some $15 billion in tax benefits over the next decade from the GOP's tax law, while gas prices reach their highest levels in years. Sen. Ed Markey (D-Mass.) released his own staff report this week using the same tactic, blaming higher prices on "President Trump's incoherent foreign policy."

To be sure, the White House has little control over gas prices, which largely track the movement in global crude oil market prices. Those prices have have jumped more than 60 percent since last June, even as U.S. oil production climbs to record levels. Energy market watchers say the price rally is largely because OPEC and Russia have cooperated to sop up extra supplies in the international markets as demand continues to climb.

In addition, the collapse of Venezuela's oil industry, one of the biggest foreign suppliers to the U.S., has pushed prices up. Its oil exports have fallen by a third from January 2016 amid the country's political meltdown, and the Trump administration looks poised to place sanctions on the country's remaining exports.

"Even OPEC could not have hoped for this kind of result," said Kevin Book, analyst at energy consulting firm ClearView Energy.

But analysts are also saying that the White House may indeed be contributing to the rise in prices. Trump's appointment of John Bolton as his national security adviser has spooked oil traders who worry about tensions in the Middle East, said Citigroup energy analyst Eric Lee. Meanwhile, Trump's threat to place heavy sanctions on Iran could remove oil from the global markets, and his moving the U.S. embassy in Israel to Jerusalem may irritate Saudi Arabia enough that the kingdom won't increase its own oil flows to lessen the hurt on U.S. drivers.

"It's a combination of things, but what really took prices to the current level is U.S. policy or at least uncertainty," Lee said in an interview.

On Wednesday, a gaggle of Democratic senators including Markey, Minority Leader Chuck Schumer, Maria Cantwell (Wash.) and Bob Menendez (N.J.) held a news conference at an Exxon filling station near the Capitol to blame the price increase on Trump.

"It's well known that geopolitical instability drives oil prices, and gas prices, around the world higher and higher," said Menendez, ranking member of the Senate Foreign Relations Committee. "The Trump administration's chaotic approach to foreign policy not only served instability around the world, it certainly serves to drive up oil prices higher and higher."

When asked how any president could impact pump prices, Schumer told reporters that Trump should pressure OPEC member states and U.S. oil companies to lower their prices.

"He's very, very tight with the crown prince," Schumer said of Trump's relationship with the head of Saudi Arabia. "He's very, very tight with the head of the UAE, very, very tight, supposedly, with Putin. Why doesn't he use that? Oil companies just got a big tax break. Jawbone them."

Trump and Republicans still have one card to play, analysts said: releasing oil into the market from the Strategic Petroleum Reserve, which could tap down prices. That's precisely what some Democrats asked Obama to do in early 2012 when they faced rising retail prices.

"I wouldn't be surprised if the president were to consider the use of the SPR to dampen prices to play to his base for the midterm elections," said Gary Ross, head of global oil analytics at S&P Global Platts. "He might see

such as a signal that he cares, and one that might deflect some criticism for higher gasoline prices due to Iranian sanctions."

White House and Energy Department spokespeople declined to answer questions about whether the administration would consider an SPR release if prices continue to climb.

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Editor's note: A POLITICO partnership in China Back

By John F. Harris and Carrie Budoff Brown | 05/22/2018 05:04 AM EDT

POLITICO readers will see on our pages today something new and important: the first stories reflecting the publication's commitment to illuminating the U.S. relationship with China.

POLITICO, which began in 2007 as preeminently a Washington publication, in recent years has had a global focus. In Europe, we have the largest news operation covering the increasingly complex and consequential workings of the European Union. Including our growing coverage in the U.S., POLITICO's 250 reporters and editors are now in 15 cities spanning nine time zones. Increasingly, we have heard from our most engaged readers that the place to expand our focus is toward the Pacific, as the U.S. relationship with China — intensely competitive in some spheres, intertwined and mutually dependent in others — will hover over the political and policy debates of the next generation.

One part of our expanding coverage involves a content partnership we are unveiling today with the South China Morning Post. SCMP, based in Hong Kong, is the oldest newspaper in Asia and is the only independent English-language publication in the region. SCMP has an editorial staff of 300 in Asia, with about 40 reporters stationed in mainland China. Like POLITICO, the publication has global ambitions. Under the partnership, SCMP editors will have access to POLITICO stories to share with their readers, and POLITICO editors can draw on the SCMP stories we believe our readers will find most relevant. Over time, editors in both newsrooms will look for opportunities to combine resources on original stories produced in combination with POLITICO and SCMP journalists.

Our experience shows often that the most important stories are best illuminated by being reported simultaneously from multiple perspectives. That's what we do every day in the United States and in Europe. In combination with SCMP, we will now be able to do the same on important subjects — trade, finance, technology and national security among them — at the heart of U.S. interests in China.

And you can expect POLITICO's growth to continue. As our readers' interests reflect a global perspective, so will our publication's journalistic focus and resources.

John F. Harris
Editor in chief

Carrie Budoff Brown
Editor

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Senate subcommittee advances energy and water spending bill Back

By Eric Wolff | 05/22/2018 03:44 PM EDT

A Senate subcommittee today advanced the Energy-Water appropriations bill to the full committee.

The bill appropriates $43.8 billion in discretionary funding, $566 million more than last year's appropriation and $7.2 billion more than the administration requested. Non-defense activities rose $474 million, while defense activities were increased $92 million.

The bill provides $6.65 billion for the Office of Science, $390 million more than the last appropriation. And it funds an increase for ARPA-E. It also maintains funding for a weatherization assistance program and includes an extra $196 million for drought resilience, among other measures.

Chairman Lamar Alexander lamented that writing the bill was made more difficult because the committee "started with an unrealistic budget proposal from the administration."

Appropriators funded DOE's Office of Energy Efficiency and Renewable Energy at $2.3 billion, the same level as the current appropriation, but $1.6 billion than President Donald Trump's budget.

The bill also provides $6.9 billion for the Army Corps of Engineers, the largest appropriation for the corps, according to Alexander. It makes full use of the Inland Waterways Trust Fund, specifically the top four priority projects.

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Emails show Pruitt pushing 'red team-blue team' climate debate Back

By Alex Guillén and Anthony Adragna | 05/15/2018 06:39 PM EDT

EPA Administrator Scott Pruitt had hoped at least twice last year to announce his plans for a controversial red team-blue team debate that would take aim at a federal assessment supporting climate change science, according to newly released emails.

Pruitt's contentious review was abandoned because of the White House's objections, but the communications reveal new details about how the process would have worked and who was influencing Pruitt.

Many scientists have complained that a red team-blue team style debate was a poor way to examine the scientific evidence that overwhelmingly supports the findings that humans are the primary driver behind climate change. But for Pruitt, who had once suggested the event might be televised, the debate appeared to be directed at rebuffing the Fourth National Climate Assessment.

That government-wide report issued on Nov. 3 contradicted many Trump administration political appointees who have questioned the connection between greenhouse gas pollution and global warming.

A draft press release that circulated on Nov. 4 among top EPA officials, and which was shared with Pruitt on Nov. 5, laid out the line of attack, according to the documents made public on Tuesday by EPA following a records request from the Natural Resources Defense Council.

"EPA is standing up a Red Team peer review of the report," they wrote, while the "blue team" would essentially be the federal assessment and its authors.

"A robust, transparent public peer review evaluation of climate change is something everyone should support," Pruitt said in the unreleased November statement. "Now is a perfect opportunity for the formation of a 'Red Team' exercise."

The draft release also included space for quotes from two prominent climate science critics: Steve Koonin, an Obama-era Energy Department official, and William Happer, a Princeton physicist who argues that increased carbon dioxide would benefit the planet.

The duo appear to have been tapped to help guide the red-team review together.

"Your contributions even in a small way to the validity of the red team blue team approach would be appreciated," Ryan Jackson, Pruitt's chief of staff, wrote to Koonin and Happer on Nov. 4.

In an email to POLITICO, Happer said the exercise was "badly needed," while Koonin, now the director of the Center for Urban Science and Progress at New York University, told POLITICO the National Climate Assessment was "demonstrably deficient on a number of points."

EPA did not return a request for comment.

Pruitt has previously said a Wall Street Journal piece written by Koonin in April 2017 calling for a similar EPA review of climate science was his inspiration for instigating the "red team" review.

The emails, however, show that Koonin and his allies began wooing Pruitt even before that. In an email more than a week before Koonin's WSJ piece ran, Dan Yergin, the Pulitzer-winning oil historian and vice chairman of IHS Markit who joined a board advising President Donald Trump, introduced Koonin by email to Jackson.

Pruitt and Koonin met April 28, and the emails show Koonin was closely involved in the process afterward.

Koonin sent EPA a "prospectus" outlining the exercise, and though much of it was redacted by EPA before its release, Koonin suggested timing the red team review to the National Climate Assessment, which was due out six months later. Doing so would "ensure that certainties and uncertainties in projections of future climates are accurately presented to the public and decision makers," he wrote.

A revised version of the prospectus was circulated by EPA to White House officials in July after news of Pruitt's plans had leaked.

"There are a lot of press reports about EPA's planning on this. None of it is being run by us. This seems to be getting out of control," wrote Michael Catanzaro, a top energy adviser to Trump who has since left the administration, a few days after receiving Koonin's proposal.

In late June, Liz Bowman, then a top EPA spokeswoman, questioned whether the exercise could be announced as early as July 5 or 6. But it wasn't until November that top Pruitt staffers begin circulating a draft press release on the announcement.

A draft of the announcement on Nov. 5 inspired a lengthy email chain, which EPA redacted, that involved direct messages from Trump chief of staff John Kelly, strategic communications director Mercedes Schlapp, and former White House staff secretary Rob Porter.

Pruitt was touting his plans to launch the red team review as late as December. Emails early in that month indicate the agency's air chief, Bill Wehrum, would make the announcement on Dec. 12 while Pruitt traveled in Morocco. One message that included Jackson had the subject line of "Red Team/Blue Team Announcement Planned for Tuesday, Dec. 12."

The New York Times reported in March that Kelly and other top officials stopped the announcement in the fall, and Kelly's deputy Rick Dearborn met with Pruitt in mid-December to declare the plan dead.

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Sources: EPA, DOE, USDA to talk biofuels Thursday Back

By Eric Wolff | 05/22/2018 05:09 PM EDT

Top deputies for EPA and the departments of Energy and Agriculture will meet on Thursday to hash out changes to the Renewable Fuel Standard, sources in the ethanol industry and the Senate told POLITICO today.

EPA Deputy Administrator Andrew Wheeler, DOE Deputy Secretary Dan Brouillette and USDA Deputy Secretary Stephen Censky will try to resolve long-standing tensions over the program. None of the agencies responded to requests for comment.

The group will pick up the items left unfinished from the meeting with President Donald Trump last month, including whether to allow biofuel exports to receive Renewable Identification Numbers, and whether to reallocate the gallons small refiners were exempted from blending under the economic hardship waivers granted by EPA.

A refining industry source says that USDA has been pressing EPA to move quickly on allowing year-round sales of 15 percent ethanol fuel, and that USDA "is looking to jam EPA" on reallocating the gallons in the 2019 blending mandate.

"They are probably trying to take advantage of what they imagine to be Pruitt's weakened status these days," the source said. "Not sure it will work."

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Yes, very | Somewhat | Neutral | Not really | Not at all

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