

**From:** POLITICO Pro Energy  
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**Subject:** Afternoon Energy, presented by Trout Unlimited: Pebble gets the green light — Administration encourages China LNG deals — Scientists call it quits  
**Date:** Friday, May 12, 2017 2:43:46 PM

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By Kelsey Tamborrino | 05/12/2017 03:40 PM EDT

**PEBBLE GETS THE GREEN LIGHT:** In a settlement announced today, EPA agreed to drop its efforts to preemptively block the proposed Pebble Mine in Alaska — a project that's [inspired](#) a long-running, legal and lobbying battle in Washington. Opponents of the gold, copper and molybdenum mine include native tribes, environmental groups and commercial fishermen, who fear its pollution would devastate the world's largest wild salmon fishery.

**Today's settlement is yet another reversal** of Obama-era environmental policies by the Trump administration. It allows Pebble Limited Partnership to apply for a permit from the Army Corps of Engineers for the mine, before EPA continues any work reviewing water issues in the area. Pebble sued back in 2014 after the Obama administration proposed restrictions that would have effectively denied that permit before the developer even applied, Alex Guillén reports. A federal judge quickly approved the settlement today and dismissed the lawsuit.

**In a statement, EPA Administrator Scott Pruitt** said today the agency is "committed to due process and the rule of law, and regulations that are 'regular.' ... The agreement will not guarantee or prejudice a particular outcome, but will provide Pebble a fair process for their permit application and help steer EPA away from costly and time-consuming litigation. We are committed to listening to all voices as this process unfolds." Previous [environmental studies](#) by EPA of the Bristol Bay region indicated that any large-scale mining efforts would prove too dangerous to the ecosystem. More [here](#).

**Welcome to Afternoon Energy.** Happy Friday! I'm your host Kelsey Tamborrino. Send your thoughts, news and tips to [ktamborrino@politico.com](mailto:ktamborrino@politico.com), [mdaily@politico.com](mailto:mdaily@politico.com) and [njuliano@politico.com](mailto:njuliano@politico.com), and keep up with us on Twitter at [@kelseytam](https://twitter.com/kelseytam), [@dailym1](https://twitter.com/dailym1), [@nickjuliano](https://twitter.com/nickjuliano), [@Morning\\_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

**THE MOVE TO CHINA:** In unveiling a [broader trade policy](#) with China on Thursday, the Trump administration cleared the way for U.S. oil and gas companies to export LNG to the country directly — laying out a path for Chinese investment in domestic LNG infrastructure, which the Obama administration had sought to avoid, Ben Lefebvre reports. "The United States will treat China no less favorably than any other non-free-trade-agreement trade partners with respect to LNG export authorizations," Commerce Secretary Wilbur Ross said Thursday, unveiling the policy move. "Companies from China may proceed at any time to negotiate all types of contractual agreements with U.S. LNG exporters, including long term contracts."

**But Ben reports:** "The move represents another way in which Trump's administration is departing from the president's campaign-trail rhetoric on trade with China — which he often accused of 'ripping us off' — and it reverses a de facto Obama-era policy discouraging LNG exporters from working directly with China." Charlie Riedl, executive director for the Center for Liquefied Natural Gas, a trade association whose members include Freeport LNG, Shell and other prospective exporters, said the announcement could be "an opportunity to maybe

revisit what was an unspoken rule" not to sell gas directly to China.

**That was quick:** Reuters reports that Cheniere Energy is confirming it's had [extensive negotiations](#) with China about increasing U.S. liquefied natural gas exports.

**\*\* A message from Trout Unlimited:** For over 50 years, Trout Unlimited has been dedicated to conserving, protecting and restoring North America's coldwater fisheries and watersheds on behalf of today's anglers and coming generations of sportsmen and women. Join us as we support America's public lands and national monuments: <http://bit.ly/2paVoYB> \*\*

**SCIENTISTS CALL IT QUILTS IN PROTEST:** Two scientists have resigned today from an EPA advisory board, in a show of solidarity with their colleagues who have not been reappointed under the Trump administration. Administrator Scott Pruitt recently decided not to reappoint nine members of the Board of Scientific Counselors, a panel of outside experts that advise EPA on research and development issues.

**Who they are:** Carlos Martin, a senior research associate at the Urban Institute's Metropolitan Housing and Communities Policy Center, and Peter B. Meyer, president of the E.P. Systems Group, an environmental analysis firm, have both resigned their positions on BOSC's Sustainable and Healthy Communities Subcommittee effective immediately, according to a letter Martin posted to Twitter. The two said it was "a shock to witness the refusal of EPA officials to renew" the nine BOSC members, including Courtney Flint and Robert Richardson, the subcommittee's co-chairs. Alex reports more [here](#).

**RFS VOLUMES MANDATE HEADS TO OMB:** EPA on Thursday [sent](#) its proposed 2018 biofuels requirements to the White House for review. The agency will need the rule back from OMB by early June if it is to release a final rule by the Nov. 30 deadline, Eric Wolff [reports](#). Sources say the mandate would stick with the statutory level that requires blending of 15 billion gallons of conventional biofuel, usually corn-based ethanol.

**INTERIOR AWARDS MILLIONS FOR WATER RECLAMATION:** Interior Secretary Ryan Zinke announced this afternoon the Bureau of Reclamation "awarded \$23,619,391 to communities in seven states for planning, designing and constructing water recycling and re-use projects; developing feasibility studies; and researching desalination and water recycling projects. The funding is part of the Title XVI Water Reclamation and Reuse program." The funding will go toward six authorized projects, 13 feasibility studies and four research studies in California, Kansas, Nevada, Oklahoma, Texas, Utah and Washington, according to DOI. See which projects were awarded [here](#).

**INVESTORS LOOK TO TACKLE METHANE LEAKS:** "Thirty institutional investors managing more than \$3 trillion in assets have announced a new initiative to encourage global oil and gas companies, including utilities, to measure, report and reduce methane emissions," FuelFix reports. The initiative, which is coordinated by nonprofit Principles for Responsible Investment, marks a stark example of the concern among investors over the financial and environmental risks of methane leaks. "The asset managers in PRI's methane initiative represent a dozen countries across North America, Europe and Asia-Pacific," FuelFix reports [here](#).

**RIG COUNT KEEPS CLIMBING:** The U.S. rig count grew for the 17th consecutive week, [according to](#) Baker Hughes. This week the oil rig count increased by nine, bring the total to 712. Business Insider [reports](#) "the increase extended the longest stretch rig additions in six

years, illustrating that drillers are finding efficient ways to ramp up production in a lower oil-price environment."

### QUICK HITS:

- N.Y. gas project abandoned in victory for Seneca Lake protesters, [InsideClimate News](#).
- As prices rise, oil companies drill down on industrial cybersecurity, [FuelFix](#).
- Texas Democrats are lining up to take on Congress' biggest climate denier, [The Huffington Post](#).
- Defying Trump, these state leaders are trying to impose their own carbon taxes, [The Washington Post](#).

### WIDE WORLD OF POLITICS:

- Senate GOP making tax credits look [more like ... Obamacare](#)
- Trump's attempt to fix [the Comey crisis](#) made it worse
- Trump threatens to [cancel press briefings](#), says spokespeople can't speak with 'perfect accuracy'

**\*\* A message from Trout Unlimited:** For over 100 years the Antiquities Act has been a bipartisan tool for conserving America's public lands and our outdoor heritage. Since the time President Theodore Roosevelt signed the Act into law, the Antiquities Act has provided for the long-term conservation of some of the best fish and wildlife habitat and hunting and angling opportunities in the country, spurring local economies. In these places, locally driven conservation efforts need to be preserved and celebrated. Currently, the Department of the Interior is reviewing national monuments designations. Secretary Zinke has strongly supported keeping America's public lands in public hands. Join us in showing him that we support upholding our national monuments: <http://bit.ly/2paVoYB> \*\*

*To view online:*

<https://www.politicopro.com/tipsheets/afternoon-energy/2017/05/pebble-gets-the-green-light-022818>

### Stories from POLITICO Pro

**In Alaska, it's salmon vs. gold** [Back](#)

06/03/2013 05:06 AM EDT | Updated 06/03/2013 10:16 AM EDT

An Alaska mining proposal that hasn't even gotten off the drawing board is inspiring a ferocious lobbying campaign on Capitol Hill.

Both sides in the Pebble Mine fight have brought in the big guns. The companies backing the proposal have spent 10 years and more than \$2 million lobbying for it, with former House Speaker Bob Livingston serving as one of the lobbyists, while [opponents](#) have coordinated around 100 visits to lawmakers from Native Alaskan children, commercial fishermen and so-called hook and bullet big-money Republicans.

This spring, the anti-Pebble crowd [picked up](#) the consulting services of recent White House alumnus Tommy Vietor, who had worked for President Barack Obama since his days in the Senate.

The focus of this fervor is buried near the headwaters of the Kvichak and Nushagak rivers, where massive deposits of gold, copper and molybdenum lie in a watershed that feeds into Bristol Bay. [The Pebble Partnership](#), which owns the land, wants to dig an open-pit mine that could stretch for miles and would need roads, a power plant and a port.

The partnership is a 50-50 conglomerate of Canada-based Northern Dynasty Minerals and British-owned Anglo American. Its opponents include native tribes, environmental groups and, perhaps most vocally, commercial fishermen who say the mine would devastate the world's largest wild salmon fishery.

Also weighing in is the Environmental Protection Agency, which took the unusual step of launching a scientific assessment of the potential effects of large-scale mining on the watershed. After a round of public comment and peer review, the agency released a new [draft watershed assessment](#) in April that bolstered the opponents' warnings about wiped-out fish populations and fouled wetlands — even though the partnership hasn't yet applied for a permit. Opponents also want EPA to pre-emptively veto an Army Corps of Engineers permit for the mine.

Recent internal polling by the project's foes shows that 58 percent of Alaskans oppose the mine, with the numbers much higher near the bay, according to sources with the anti-mine groups. That's a sharp contrast to the large majority of Alaskans who support drilling in the Arctic National Wildlife Refuge.

The mining issue has brought "an enormous amount of emotion," acknowledged Peter Robertson, a senior vice president at the Pebble Partnership, who previously worked for EPA. "And too often what we see is that level of emotion doesn't always carry with it an accurate discussion of the facts."

EPA should wait for the partnership to apply for a permit before making any judgments about the project's impact, Robertson added. While any mine would cannibalize some streams, he said the partnership intends to propose "mitigation measures that are closely tied to ensuring that we keep our pledge to coexist with a healthy fishery."

Pebble Mine's opponents hope the public opinion in the state will allow them to frame killing the mine as a win for Obama, who could take a popular stance while satisfying greens unhappy over the president's upcoming Keystone XL pipeline decision and slow progress on climate change.

The opponents also hope to gain leverage using Sen. Mark Begich (D-Alaska), who faces a tough reelection bid in 2014. If they can convince the former Anchorage mayor that he has to oppose the mine for his political survival, that could also prod the White House, which can hardly afford to lose another Democrat in the Senate.

Both Begich and Republican Alaska Sen. Lisa Murkowski have said it is too early for EPA to make a decision on the mine. But Begich has been slow to pick a side and reluctant to speak publicly about the issue.

So the anti-Pebble activists considered it a mini-victory when Begich grilled EPA acting Administrator Bob Perciasepe about the Bristol Bay assessment at a recent budget hearing, urging the agency to release the draft before the start of fishing season. When the agency released the draft April 26, he said he still opposes a pre-emptive veto but that "an open, public process that answers Alaskans' questions and puts better science on the table is a good thing." He said he hopes the assessment "answers questions about whether this project can meet the high hurdle of developing a large-scale mine while protecting our renewable resources."

Murkowski has said she won't "trade fish for gold" but has repeatedly lambasted EPA for jumping the gun by drafting a watershed assessment before the company applies for a permit.

Much of the Bristol Bay issue is a jobs versus jobs argument.

The environmentalists and fishermen say the mine would put 14,000 fishing- and tourism-related jobs at risk. But a [report](#) that the partnership released Thursday says the mine could create 16,000 jobs nationwide during construction — including 5,000 in Alaska — with an average annual wage of \$63,500 a year.

Once the mine is built, it would provide 2,900 jobs, 915 of them on-site at the mine and contribute up to \$180 million a year in taxes and royalties to the state, the partnership says.

One group already seeing plenty of employment from the mine proposal: lobbyists.

For example, Anglo American paid the Livingston Group \$420,000 in 2012, according to the Center for Responsive Politics. Livingston, the former speaker, was among those the company [reported](#) lobbying Congress and the administration on Anglo's behalf. Anglo has massive global mining interests, but its only direct U.S. business is its 50 percent stake in the Pebble Partnership, [according to the company](#).

The partnership spent \$550,000 on lobbying in 2012 alone and has spent between \$450,000 and \$550,000 every year since 2008, the Center for Responsive Politics said. The bulk of the partnership's lobbying funds go to GovBiz Advantage, which contracts work on Anglo American's U.S. interests for The Livingston Group, [according to the Sunlight Foundation](#). When the partnership took hold in 2007, Anglo American agreed to spend more than \$1.4 billion toward the study, permitting and construction of the project.

The partnership was formed in 2007, but it wasn't until 2010 that the EPA got involved, when six Alaskan tribes [asked](#) the agency to use its Clean Water Act authority to preemptively veto the project, and EPA in turn agreed to do the peer-reviewed watershed assessment.

The company has applied for several state permits but not its federal permit. Insiders speculated last year that the partnership was hoping for a more sympathetic administration and thus, holding off on applying for its Army Corps dredge-and-fill permit. The company recently said it hoped to apply for a corps permit this year.

EPA doesn't veto often — only [13 times](#) since 1972. The first 11 vetoes were during the Reagan administration, and the EPA invoked it once while George W. Bush was in office to topple a flood project in Mississippi that the agency said would destroy massive amounts of wetlands. The Obama administration used the same power to ax a mountaintop mining permit in West Virginia that had been issued by the Bush administration — a source of many

Republican attacks on the agency since then.

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## **EPA sees damage to Bristol Bay if mining proceeds [Back](#)**

By Alex Guillén and Talia Buford | 01/15/2014 07:15 PM EDT

Mining activity in Alaska's Bristol Bay region has the potential to destroy miles of salmon stream habitat, disrupt Alaska Native cultures and pollute the region, EPA said Wednesday.

But in its final environmental assessment, the agency doesn't say that mines such as the proposed Pebble project should not or cannot be built there.

EPA Region 10 Administrator Dennis McLerran told reporters that large-scale mining would "pose significant near- and long-term effects" that threaten salmon and wildlife in the region, though he stressed that the assessment did not represent any final decision on regulatory action.

Instead, he said, the assessment would be used to guide the agency as it responds to a 2010 request from six Alaskan tribes to use its Clean Water Act authority to pre-emptively veto the Pebble Mine copper, gold and molybdenum project near the bay. EPA does not have a timeline on when it will respond to the tribes' requests.

"This assessment doesn't prevent anyone from applying for a permit," McLerran said.

And that is what Northern Dynasty, the Canadian company that wants to develop the Pebble mine, plans to do.

The company has not yet fully reviewed the final watershed assessment but said EPA's actions so far have been part of its predetermined agenda.

"Publication of the final watershed assessment is really the final chapter in a very sad story," Northern Dynasty President and CEO Ron Thiessen said in a statement. "We believe EPA set out to do a flawed analysis of the Pebble Project, and they certainly succeeded with both their first and second drafts of the BBWA. We have every expectation that the final report released today is more of the same."

Northern Dynasty will move forward on its planned mine, Thiessen added, and the company expects an environmental review conducted by the U.S. Army Corps of Engineers to be "a much more rigorous, fair and transparent review of the science."

The EPA assessment is the latest development in the long-simmering dispute over the project that has heated up the Hill and unleashed a flow of serious lobbying money from both opponents and supporters — even though Northern Dynasty hasn't submitted its formal application yet.

EPA's long-awaited [assessment](#) looks at several scenarios based on copper mining practices



and, where applicable, relies on information directly from Northern Dynasty, said Jeff Frithsen, a senior scientist and special projects coordinator at the EPA office of research and development.

Because of the abundance of ore in the area, the project would likely have a large footprint, encompassing the mine, the waste rock pile and the tailing dams needed to support production, Frithsen said.

EPA projects that large-scale mining in the Bristol Bay region could destroy miles of streams used by salmon populations for spawning and rearing.

Under EPA's most extensive mining scenario, which estimates that 5.9 billion metric tons of ore would be extracted over 78 years, up to 22 miles of streams used by several species of salmon would be destroyed. Additionally, water used by mining operations would damage habitats in another 33 miles of streams and about 5,400 acres of wetlands, ponds and lakes used by the fish would be lost.

The existence of a mine would likely change stream flows and could affect ecosystems up to 33 miles away.

"Losses of stream habitat leading to losses of local, unique populations would erode the population diversity that is essential to the stability of the overall Bristol Bay salmon fishery," EPA's report says.

The region could also face major damage in the event of an operational accident, the report says. EPA's list of threats includes increased water toxicity levels if wastewater treatment facilities fail, truck accidents that could dump chemicals into streams, spills from diesel or natural gas pipelines, and dam failures.

The report provides ammunition for local fishermen and environmental groups who fear that the advent of mining in the region will create a significant environmental and economic threat to a major salmon fishery.

"This is a scientific indictment of the Pebble Mine — or any other large-scale mining in the Bristol Bay watershed," said NRDC Western Director Joel Reynolds. "The assessment documents what we've feared for years — Pebble Mine would destroy the world-class wild salmon fishery, cost jobs and endanger the communities and wildlife that depend on it."

McLerran declined to say whether the assessment closes the door on mine development in Bristol Bay, saying instead that the "assessment speaks for itself."

Sen. David Vitter (R-La.), the top Republican on the Environment and Public Works Committee, criticized EPA on Wednesday for relying on hypothetical mining plans rather than real applications.

"EPA is setting a dangerous precedent by justifying its political prejudices on a flawed assessment based on hypotheticals," said Vitter. "Today's announcement shows just how Obama's EPA operates, choosing political motivation over giving a fair chance to businesses interested in investing in America and creating jobs. This is a very scary signal that the EPA is sending to businesses — that they are capable of and willing to kill a project before an application is even submitted."

Democratic Sen. Mark Begich (D-Alaska), meanwhile, plans to take time to absorb the lengthy report before passing judgment on EPA's methods or any proposed mine project.

"I have always said I will let science be my guide, and my decision whether to support the Pebble project will be based on this report," he said. "The stakes are high for Alaska — I have heard from thousands of Alaskans on this issue — and that is why I will be thoroughly reviewing the final watershed assessment and continuing to rely on science for any final decision."

There are a number of uncertainties that prevent a full understanding of potential threats right now, the report notes.

For example, it says that the loss of fish populations cannot be quantified because there is not enough data about salmon populations in freshwater habitats. "Estimated effects of mining on fish habitat thus become the best available surrogate for estimated effects on fish populations," the report says.

It is also difficult to project a hypothetical mine's effects on Alaska Native cultures that use the land for subsistence, or on wildlife such as bears and eagles that depend on the salmon for food, according to the report.

"This assessment is a scientific document that provides the basis for EPA and other decision makers to look at the science," surrounding allowing development in the region, McLerran said. "We were careful about not making any decision until we had this assessment completed and we had the science in front of us."

Originally, the report was slated to be released at the end of 2013, McLerran said, but the government shutdown delayed the report until today.

Bristol Bay is one of the largest salmon fisheries in the world, McLerran said, noting that as one of the most productive ecosystems, the region is "one of the last great places that is relatively undisturbed."

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**Trump EPA reverses Obama block on controversial copper mine** [Back](#)

By Alex Guillén | 05/12/2017 08:45 AM EDT

The Trump administration has agreed to stop standing in the way of a proposed mine in Alaska that has inspired a long-running, multimillion-dollar legal and lobbying battle in Washington — in yet another reversal of former President Barack Obama's environmental policies.

In a settlement announced Friday, the EPA agreed to drop its efforts to preemptively block the planned Pebble Mine. The proposed gold, copper and molybdenum mine inspired a [pitched battle](#) from opponents including native tribes, environmental groups and commercial fishermen, who feared its pollution would devastate the world's largest wild salmon fishery.



The agreement will allow Pebble Limited Partnership to apply for a permit from the Army Corps of Engineers for the mine before EPA continues any work reviewing water issues in the area. Pebble sued in 2014 after the Obama administration proposed restrictions that would have effectively denied that permit before the developer even applied.

"We are committed to due process and the rule of law, and regulations that are 'regular,'" EPA Administrator Scott Pruitt said in a statement. "We understand how much the community cares about this issue, with passionate advocates on all sides. The agreement will not guarantee or prejudice a particular outcome, but will provide Pebble a fair process for their permit application and help steer EPA away from costly and time-consuming litigation. We are committed to listening to all voices as this process unfolds."

EPA's [previous environmental studies](#) of the Bristol Bay region indicated that any large-scale mining efforts would prove too dangerous to the ecosystem. The agency then [proposed](#) restrictions that would have made it virtually impossible for Pebble Mine to get a permit it needs to dump waste in nearby waterways, but a judge in 2014 blocked EPA from finalizing that decision after the developer sued.

That lawsuit will end under the deal as EPA starts the process over.

Pebble Mine has attracted fierce opposition from a number of local Native tribes and sportsmen's groups, as well as environmentalists, over concerns that it could damage Bristol Bay, home to the biggest sockeye salmon fishery in the world. In a recent [letter](#) to Pruitt, a coalition of Pebble Mine opponents urged him not to reverse course on Pebble Mine, which they said "poses fundamental risks to the salmon fisheries of the region and the economic and subsistence benefits those fisheries provide."

In a release, Pebble thanked Pruitt and President Donald Trump "for their commitment to the rule of law, and the fair and equal treatment of those who would invest in job-creating industries in America."

Pebble CEO Tom Collier said that the project will be smaller than previously anticipated, "with demonstrable environmental protections" and several initiatives making the mine "more responsive to the priorities and concerns of Alaskans."

Under the terms of the deal with Pebble Limited Partnership, EPA will withdraw its proposed restrictions and stop further water-quality studies for at least four years or until the Army Corps of Engineers issues its final environmental impact statement, whichever comes first. At that point, the agency will start a new review process, abandoning the previous proposal that would have effectively blocked the mine. But the deal allows EPA to "use its scientific assessment regarding the Bristol Bay Watershed without limitation," according to the agency.

Pebble has until around November 2019 to apply for its permit, depending on when the court approves the settlement.

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## Trump encourages LNG deals with China that Obama sought to avoid [Back](#)

By Ben Lefebvre | 05/12/2017 02:00 PM EDT

The Trump administration has cleared the way for U.S. oil and gas companies to export liquefied natural gas directly to China, potentially opening the door to direct Chinese investment in domestic LNG infrastructure that the Obama administration sought to avoid.

"The United States will treat China no less favorably than any other non-free trade agreement trade partners with respect to LNG export authorizations," Commerce Secretary Wilbur Ross said Thursday as he unveiled a [broader trade policy](#) with the country. "Companies from China may proceed at any time to negotiate all types of contractual agreements with U.S. LNG exporters, including long term contracts."

The move represents another way in which Trump's administration is departing from the president's campaign-trail rhetoric on trade with China — which he often accused of "ripping us off" — and it reverses a de facto Obama-era policy discouraging LNG exporters from working directly with China.

"This announcement is an indicator that there is an opportunity to maybe revisit what was an unspoken rule" not to sell gas directly to China, said Charlie Riedl, executive director for the Center for Liquefied Natural Gas, a trade association whose members include Freeport LNG, Shell and other prospective exporters.

"It's an actively sought market," added Riedl. "It's too big to ignore from a potential demand perspective."

The 15 LNG terminals approved during the Obama administration can export nearly 20 million metric tons a year to countries such as China that do not participate in free trade agreements with the U.S. For its part, China is expected to need 75 million metric tons of LNG annually by 2030, triple its 2016 demand level, according to analysts at Wood Mackenzie.

Sources in the industry say there is plenty of U.S. export capacity in the works to handle new orders from China, and that with the present glut of natural gas on the market any new business would be welcome. Applications are still pending at the Energy Department for nearly two dozen additional terminals, which would add 32 million metric tons of capacity.

China has in the past received occasional shipments of U.S. gas from trading companies like Shell affiliate BG Gulf Coast, which gets LNG cargoes from the Cheniere export plant in Louisiana. Cheniere was the first company to export LNG, marking a major milestone in domestic natural gas development.

But while Japan, India, South Korea and other countries took stakes in LNG projects along the U.S. Gulf Coast, China — the world's largest energy consumer — was conspicuously absent.

While the Obama administration was arguing the case for LNG exports, it had tried to avoid the optics of having what many considered a geopolitical rival making direct investments into U.S. energy infrastructure. Industry sources also said they worried that intellectual property would not be protected if they partnered with Chinese firms.

Chinese attempts to invest in oil companies in North America had already run afoul of politics. State-owned Cnooc in 2005 [dropped an attempt to buy](#) a Californian oil company Unocal

because of resistance in Congress. Cnooc was only [able to purchase](#) Canadian oil company Nexen, which owned U.S. assets, after undergoing harsh regulatory scrutiny before the deal closed in 2013.

Freeport LNG Chief Executive Michael Smith had [said in 2015](#) the U.S. government advised companies not to sell gas directly to the Chinese. Smith quickly [backpedaled](#) those remarks, but others in the industry told POLITICO the Obama administration definitely let the unspoken rule be known.

"There was never anything written out there, but that kind of stuff swung around," said a source who was at Cheniere when former Chief Executive Charif Souki was marketing its LNG. "Cheniere under Charif had a policy to not do a deal with China."

China now is seen as a potentially huge market for U.S. natural gas, as President Xi Jinping seeks to cut down on coal production in an effort to improve its air quality. China's own attempts to develop domestic shale gas has fallen flat because of challenging geology, and it also wants to depend less on Russian pipeline gas as its economy grows.

But Riedl, with the Center for LNG, also said the shift in policy would only have a muted effect if the Trump administration did not act more quickly to staff FERC and the Energy Department, both of which must issue permits for new LNG export projects. FERC, which hasn't had a quorum since February, has 13 LNG projects on its docket, while DOE has 23.

The focus on China could also re-open arguments against exporting LNG heard when the subject first came up earlier this decade. Dow Chemical and other companies had complained that exporting gas could raise prices for consumers, and that could line of argument could come back, according to Tyson Slocum, energy program director at Public Citizen.

"If you significantly increase the amount of natural gas we export, you are certainly going to have an increase in prices," Slocum said. "This announcement seems to prioritize Chinese consumer interest over U.S. consumer interest. It doesn't seem to be putting America first."

One source trying to market LNG in Beijing said he learned about the change in policy while in the U.S. embassy there. He pointed to [photos of Xi](#) shaking hands with Alaska Governor Bill Walker in the state's capital after the Chinese president finished meeting with Trump at Mar-a-Lago in April.

"It's directly related with Xi visiting Anchorage," the source said. "Just after he visited Mar-a-Lago, they stopped for refueling in Alaska. He spent a little time there with an entourage of a hundred people. There was lot of conversation that day about exports and trade, and LNG from Alaska was front and center of conversation."

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**Scientists quit EPA advisory board to protest colleagues not being re-appointed [Back](#)**

By Alex Guillén | 05/12/2017 09:49 AM EDT

Two scientists resigned today from an EPA advisory panel in protest of Administrator Scott Pruitt's recent decision not to reappoint nine members of the Board of Scientific Counselors, a panel of outside experts that advise EPA on research and development issues.

Carlos Martin, a senior research associate at the Urban Institute's Metropolitan Housing and Communities Policy Center, and Peter B. Meyer, president of the E.P. Systems Group, an environmental analysis firm, have both resigned their positions on BOSC's [Sustainable and Healthy Communities Subcommittee](#) effective immediately, according to a [letter](#) Martin [posted to Twitter](#).

The two said it was "a shock to witness the refusal of EPA officials to renew" the nine BOSC members, including Courtney Flint and Robert Richardson, the subcommittee's co-chairs.

"The effective removal of our subcommittee's co-chairs suggests that our collective knowledge is not valued by the current EPA administrators," they wrote. "Like so many of our colleagues in the broader research community, we have deep concerns about the leadership at EPA and its continued obfuscation of scientific evidence and the research enterprise."

Martin and Meyer added that they are concerned replacements for Flint and Richardson would "similarly devalue our work," and noted the Trump administration has proposed a 40 percent cut to EPA's Office of Research and Development.

**WHAT'S NEXT:** EPA has said it is merely re-opening the nomination process and that the scientists could still seek new three-year terms on BOSC, but that they would not receive automatic reappointments.

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**EPA sends RFS volumes to OMB** [Back](#)

By Eric Wolff | 05/12/2017 08:33 AM EDT

EPA on Thursday [submitted](#) its proposed 2018 biofuels requirements to the White House for review.

EPA will need the rule back from OMB by early June if it is to release a final rule on time by Nov. 30.

Sources have told POLITICO the mandate would require blending of 15 billion gallons of conventional biofuel, usually filled by corn-based ethanol, based on Energy Information Administration forecasts of continued increase in gasoline demand next year. They also said the agency was unlikely to address the question of which companies must bear the obligation for complying with the program as part of the volumes rule.

**WHAT'S NEXT:** OMB will take meetings with oil and biofuels interests and possibly adjust the rule before proposal.

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## Senate GOP making tax credits look more like ... Obamacare [Back](#)

By Jennifer Haberkorn | 05/12/2017 05:07 AM EDT

Senate Republicans are working on a potential breakthrough that could help push through an Obamacare repeal bill - by making insurance subsidies look a lot like Obamacare.

There's growing support for the idea of pegging the tax credits in the House repeal bill to income and making aid more generous for poorer people. But those moves — while they may win consensus among Senate moderates — are unlikely to sit well with House conservatives.

The financial assistance in the House bill "is just not robust enough to make sure that low-income individuals can actually afford a [health] plan," said Sen. John Hoeven (R-N.D.). "If you bring those income limits down for people who really need the help, you can give them more help."

Though the senators are intensely divided on other issues in the repeal package, the tax subsidies are emerging as one of the few areas of agreement within the Senate GOP as they start to write their own Obamacare repeal bill. The goal is to provide more assistance to very low-income Americans than the House did, according to several Republican lawmakers and congressional aides.

Details haven't been sketched out, but lawmakers are already downplaying any resemblances to Obamacare.

"Because we're talking about a health care bill, virtually anything we do is going to have some elements of some sort of artifact of Obamacare," said Sen. Thom Tillis (R-N.C.), who supports the emerging tax subsidies plan. "I keep telling people ... don't get caught up in appearances, let's fix the problem."

The House bill increased tax credits by age. Senators instead want to embrace Obamacare's model of basing premium assistance on income. Fearing that the House plan punishes people just below Medicare eligibility, they would also boost support for people aged 50 to 64 who stand to see the largest price increases under Obamacare repeal.

Sen. John Thune (R-S.D.), the third-ranking Senate Republican and one of the members of a 13-person working group working on the health bill, floated the general framework of a plan in March. Thune's idea has gained attention since the House bill passed.

An early draft of the proposal would phase out the tax credits — just like Obamacare and the House plan, these are all advanced refundable tax credits — at 621 percent of the federal poverty level.

The Senate is just getting started on its Obamacare repeal work. A Republican working group met Thursday to discuss insurance market reforms, one of the many areas of policy the GOP wants to address.

Tax credits are the first area where there is likely to be a significant difference between the House and Senate, but it is too early to know whether it will be the biggest divide. Thornier issues, including Medicaid expansion and insurance market reforms, lie ahead.

"The key is putting it all in a package that could get 51 votes," said Tillis.

House Republicans have been concerned that the Senate would push the repeal bill so far to the center that it wouldn't be able to get back through the House. Any differences between the House and Senate plans would have to be sorted out in a conference or by one chamber passing the other's bill.

The House health care plan would provide financial assistance to a broader spectrum of people than the proposal being discussed by the Senate. The House tax credits wouldn't start to phase out until an individual made \$75,000, or a married couple, \$115,000, or 800 percent of the federal poverty level. And older people got more help than younger people to account for their higher health costs.

In contrast, Thune's proposal would phase out the tax credits at a lower income — 621 percent of the federal poverty level or \$74,907 for a family of four — but those credits would be larger.

The details will matter here: providing tax credits cost money and will have to be set off by other savings.

Lawmaker such as Sen. Bob Corker (R-Tenn.) back the idea of making bigger payments to a smaller group of people.

"I very much support lowering" the subsidy eligibility, he said. "Instead of going to 800 percent, getting it to a level where people who are lower income, lower middle income can actually afford to purchase health insurance. To do health care reform and yet people may not have the means to actually purchase health insurance policy doesn't seem to me to take us anywhere."

The Senate plan would also provide additional assistance to people between the ages of 50 and 64, who stand to see significant premium hikes under repeal because insurers will be able to charge them more. It's still unclear what the additional help will look like. But it will be important to the House.

The House included some funding in their bill that lawmakers hoped the Senate would use to add financial help for the pre-Medicare population.

"We added money to this bill, which the Senate will complete the job, of making sure that the tax credits for those people who are in their older cohorts, 50s and 60s, with a much larger tax credit to reflect those changes, the fact that their health care costs more," House Speaker Paul Ryan said Sunday on ABC's "This Week."

Sen. Lamar Alexander (R-Tenn.), a key player in the Senate discussions, said there has been a "good deal of discussion" on the Thune proposal but it hasn't been a working group topic yet. "We're working on Medicaid and lowering premiums right now. Tax credits is coming up."

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## **Trump's attempt to fix the Comey crisis made it worse [Back](#)**

By Josh Dawsey, Annie Karni, Eliana Johnson and Tara Palmeri | 05/11/2017 10:11 PM EDT

President Donald Trump spent many of the first 48 hours after he fired his FBI director grumbling to friends and associates about his lousy media coverage — and about the shortcomings of his senior aides.

Then, after he went on television himself to give his own, contradictory version of events, he made it even worse. Speaking to NBC's Lester Holt, Trump said he'd planned to fire James Comey "regardless" of whether the Department of Justice recommended it, undermining the claims made by his spokesman, vice president and every other senior aide to the contrary.

The president who only a week ago was celebrating the hard-fought passage of health care legislation in the Rose Garden, and who was supposed to spend the week preparing for his first overseas trip — a six-stop tour through the Middle East and Europe — is mired in a crisis that doesn't seem to be getting better.

Inside the White House, the mood was dour. Several White House officials said aides who didn't need to see the president stayed away from the Oval Office — and kept their doors closed. The president had little on his public schedule and spent several hours talking about the Comey situation, mostly fuming, and even re-tweeted criticism of Comey posted by his longtime nemesis Rosie O'Donnell in December.

Trump did the lengthy interview with Holt even though some on his staff believed it was a bad idea and gave his answers off-the-cuff. One person who spoke to him said he'd been "fixated" on his news coverage and believed his press team was failing him and that he needed "to take the situation into his own hands."

The episode highlights two fundamental issues of the Trump presidency: It is often impossible to work for Trump in the White House — and it is often impossible for Trump to be happy with those who work for him.

"They're hostages," said longtime political consultant Mark Corallo, who served as Attorney General John Ashcroft's spokesman under President George W. Bush.

In the span of a dizzying few hours, the president contradicted the vice president and his press secretary, who had maintained for two days that Trump fired Comey because Deputy Attorney General Rod Rosenstein suggested it. Trump instead said the department was in "turmoil" even though he'd previously offered praise for Comey, even blowing him a kiss.

The president, whose campaign and transition officials remain under the scrutiny of a congressional probe into potential collusion in Russian government's interference in the 2016 election, also added that he had determined that the controversy over Russian election interference was simply a "made-up story."

Earlier in the day, the acting FBI director contradicted the president and his spokespeople, testifying in the Senate that the investigation into Russian contacts with Trump's campaign is



"highly significant" — though Trump has called for the probe to end immediately and labeled it a taxpayer-funded "charade." Trump's spokeswoman, Sarah Huckabee Sanders, in turn, stood at the podium in the White House briefing room and contradicted the acting FBI director, who testified that Comey was well-regarded in the bureau, citing "countless" agents who she said had complained to her about his performance.

Asked what the strategy was to get through the crisis, one senior administration official laughed and asked whether the reporter was "joking." This official said aides weren't as bothered as some might imagine because they had been through so many challenges — from Trump during the campaign saying he grabbed women by the genitals to the now infamous accusations about President Barack Obama ordered a "wire tap" on Trump Tower.

Another White House official said there is a "widespread recognition this was handled terribly but not a real sense that we can do much here." This person said Trump remains convinced he made the right decision by firing Comey and that he handled it properly — "maybe even more than two days ago."

Sanders gave staff members a stern lecture on leaking to the media during a staff meeting Thursday morning, according to several people familiar with the incident, saying it was damaging the White House. The lecture seemed to take staffers by surprise, said one person present.

"The rules aren't normal," said one White House official. "If you can't work in that universe, then don't work here."

The White House press shop, which Trump has criticized both privately and publicly, has been at the receiving end of most of the criticism. Trump told aides and outside advisers that the press shop was failing him and he was displeased that "they don't know how to defend anything," in the words of one adviser. Jared Kushner, the president's son-in-law, is also upset with the press operation, according to a close Trump ally.

On the night of the announcement, White House officials were left to scramble. "It was chaos, there was no direction, no marching orders, no execution, it was like people were having to learn what to do before they could do it. Instead of knowing what happens in a crisis PR situation, here's what we're doing," said one White House official. This person noted that Sen. Chuck Schumer, a New York Democrat, had crafted a better message and held a news conference within an hour — while it took White House officials three hours to put surrogates on TV.

Some said the criticism was unfair. Press Secretary Sean Spicer, for example, learned about the firing within an hour of it occurring — in a meeting with Trump, communications director Michael Dubke, White House Counsel Don McGahn and chief of staff Reince Priebus, according to a person familiar with the matter.

"Trump goes out there and creates a total mess, and then blames others for not being able to fix it," one adviser said. "I don't pity them."

Spicer declined to comment on the office's performance. Trump was pleased in the last two days by Sanders' performance, two White House officials said.

Sanders, the White House deputy press secretary, was forced to change her planned answers

for Thursday's press briefing just minutes before. She watched as Trump interviewed with Holt, unsure exactly what he'd say. Trump admitted that he asked Comey whether he was under investigation at a dinner where Comey made clear he was seeking to keep his job — and the president changed his entire explanation for why he let Comey go, calling him a "showboat."

"Nobody was in the dark," Sanders said Thursday, seconds after saying she gave an incorrect answer the day before because she had been in the dark.

The communications crisis followed a familiar pattern in which the president — frustrated by his press team's flatfooted response — takes charge of the situation himself and, in doing so, undermines the White House message. One outside adviser said the shifting explanations have made surrogates less willing to go on TV and back the president, for fear of being embarrassed.

White House aides have also been trying to paper over the apparent disorganization of the internal response to Comey's abrupt firing.

Spicer repeatedly said in a phone call Tuesday night there was no talk of firing Comey before Trump received the Rosenstein letter and said any question to the contrary would impeach the "integrity" of Rosenstein, "who was confirmed 94-6."

"Have you seen the letter?" Spicer asked, raising his voice and decrying "anonymous sources who don't know anything." He also said that Priebus hadn't expressed concerns about the firing, even though several other people close to Trump said that he had.

Spicer missed the briefings Wednesday and Thursday while on Naval Reserve duty, but engaged in a heated argument with The Washington Post's national editor after the newspaper reported he hid in bushes Tuesday night outside the White House after doing a TV hit to defend Trump's firing of Comey.

One White House official said Spicer, who is set to return to the podium Friday, seemed more upset about that story than much of the terrible coverage Trump received.

Spicer said late Thursday that The Washington Post "falsely described the situation" and "grossly misstated the situation around our attempt to brief the press."

A person familiar with the press secretary's location late Tuesday night said Spicer was standing between or behind bushes, but not physically in a bush.

More than 12 hours after the story ran, Spicer eventually secured an editor's note. "Spicer huddled with his staff among bushes near television sets on the White House grounds, not 'in the bushes,' as the story originally stated," the newspaper wrote.

A spokesperson for The Post said their correction speaks for itself and declined to comment further.

*Shane Goldmacher, Hadas Gold, Matthew Nussbaum and Edward-Isaac Dovere contributed to this report.*

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