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DOE declares an energy war

By **BEN LEFEBVRE** | 04/28/2022 10:00 AM EDT

With help from Catherine Morehouse, Ry Rivard, Kelsey Tamborrino and Josh Siegel

Editor's Note: Morning Energy is a free version of POLITICO Pro Energy's morning newsletter, which is delivered to our subscribers each morning at 6 a.m. The POLITICO Pro platform combines the news you need with tools you can use to take action on the day's biggest stories. Act on the news with POLITICO Pro.

QUICK FIX

— **Energy Secretary Jennifer Granholm calls renewable energy investments** the surest way to thwart Russian aggression while the department's assistant secretary for international affairs dubbed the situation "an energy war."

— **Granholm and Interior Secretary Deb Haaland are scheduled to appear** before the House Appropriations Committee to lay out what the Biden administration would like to see prioritized in this year's budget.

— **White House Climate Adviser Gina McCarthy says the United States might be able to meet its climate targets** even without an additional \$550 billion in energy and climate

incentives from Congress.

WELCOME TO THURSDAY! I'm your host, Ben Lefebvre. The API's Howard Feldman correctly answered yesterday's trivia question — Alec Guinness was the only actor to be nominated for an Oscar for a Star Wars movie role. Today's question: Which famous jazz musician also wrote an instructional booklet for how to toilet train a cat? Send your answers to blefebvre@politico.com and mchoi@politico.com. Find me on Twitter @bjlefebvre and Matthew @matthewchoi2018.

Check out the POLITICO Energy podcast — all the energy and environmental politics and policy news you need to start your day, in just five minutes. Listen and subscribe for free at politico.com/energy-podcast. On today's episode: Solar industry to Commerce: stop your probe ASAP.



DRIVING THE DAY

DEPARTMENT OF 'ENERGY WAR': On the same day Russia's Gazprom set off a political crisis by halting gas deliveries to Poland and Bulgaria, top officials in the Energy Department began talking about other ways to package their renewable energy policies. Energy Secretary Jennifer Granholm in particular is expanding the "jobs, jobs jobs" messaging President Joe Biden first favored to now painting renewables as a patriotic call to duty, Pro's Ry Rivard reports.

"Perhaps renewable energy is the greatest peace plan this world will ever know," Granholm said Wednesday during a joint appearance with European Energy Commissioner Kadri Simson at an offshore wind industry conference in New Jersey.

Granholm said in the past she would have "foot stomped the importance of green jobs, which is super important, and the importance, of course, of the climate." But now, she said,

“we feel so aligned in the importance of electrifying everything, so that we are not subjecting our citizens in the same way yours are to the volatility of fossil fuels or to the whims of a petro dictator.”

It’s unclear if the message will help the Biden administration sell a series of renewable energy policies that have stalled in no small part at the hands of a coal-state senator. It’s also in danger of getting lost amid the shuffle of other war-time energy messaging (“Putin’s Price Hike,” anyone?)

But the disruption of oil and gas supplies from Russia is solidifying transatlantic alliances, said Andrew Light, the energy department’s assistant secretary for international affairs, who called the situation “an energy war.” “Who in their world would want to live in an energy system that can be weaponized against you?” Light said during remarks at the same conference. “No one. Not a single person in the world.”

In response to a question about whether the Biden administration’s plans to increase liquefied natural gas exports to Europe was contrary to the renewable energy goals she and Granholm were promoting, Simson said short term deliveries would help Europe now, but the region remains committed to renewable energy goals. She also said overall gas consumption would not rise because of the LNG.

DOE later in the day said it was approving two permits that would marginally increase output at the Magnolia LNG and Golden Pass LNG plants along the Gulf Coast.

ON THE HILL

SECOND VERSE, SAME AS FIRST? Granholm will take that message, among others, to Capitol Hill today as she effectively makes the same DOE budget appeal to two different House committees. She will argue for the administration’s proposed \$3.3 billion budget increase for DOE. According to her prepared remarks, Granholm will emphasize that the \$48.2 billion budget request “will complement, not duplicate” the \$62 billion allocated to DOE through the bipartisan infrastructure package that passed last year.

The Energy secretary will also make the case to House leadership that clean energy technology investments are needed as part of the effort to counter Russia’s invasion of Ukraine by helping the U.S. and other countries slash the imports of Russian fuel as quickly as possible.

“Stated bluntly, the situation in Ukraine and the impact on gas prices has highlighted the national security importance of our energy investments,” her prepared remarks read.

Biden's proposed budget for DOE would throw billions of dollars toward clean energy development, including domestic clean energy manufacturing.

Granholm will appear first at the House Energy and Commerce energy subcommittee in the morning, and then move to the House Appropriations Committee energy and water development subcommittee this afternoon.

HAALAND TO THE HILL: Interior Secretary Haaland will also be on the Hill, appearing before the House Appropriations Committee in the morning to discuss the Biden administration's request to bump the Interior Department's budget to \$17.5 billion. Much of the increase would be to help the agency beef up its Bureau of Indian Affairs and aid efforts to quantify the effects of climate change.

But ME has a sneaking suspicion that at least a few Congressional lawmakers will want to discuss the same thing they brought up when Haaland appeared before them last year: Interior's plans for its oil and gas drilling on federal land. The department in November released the leasing program report that caused Haaland so much grief from lawmakers last year. But with the administration only now planning its first onshore oil lease, Republicans will likely want to bring up federal oil production amid continuing high crude prices.

OREGONIANS COULD GET WINDED: While Interior has been slow to offer new leases for oil production, its offshore wind program continues to go gangbusters. Pro's Kelsey Tamborrino reports that the department's Bureau of Ocean Energy Management is taking the first steps to lease offshore wind off the coast of Oregon and in the Central Atlantic, which would expand the program's footprint. The move could add 1.2 million acres of available space for wind turbines along the West Coast and 3.9 million acres along the East Coast.

The National Ocean Industries Association praised the decision: "Interior pursuing the first wind lease sale offshore Oregon and an additional lease sale in the Central Atlantic is welcome news," the trade association said in a statement. But the commercial fishing lobby is calling foul and saying that BOEM did not listen to their concerns before announcing it would start the process.

HEY, HO, NOPEC, LET'S GO: The Senate Judiciary Committee postponed a vote scheduled for today on the long-touted "NOPEC" bill that would open up the oil cartel to antitrust lawsuits by the U.S. government. A committee spokesperson told ME that

Democrats secured an agreement with Republicans to table the vote until next week, as part of the normal course of business.

The House Judiciary Committee cleared a NOPEC bill last year, but its Senate counterpart had not taken it up until now.

Top Committee Republican Chuck Grassley (R-Iowa) told Pro's Josh Siegel that he expects the bill to have bipartisan support due to rising pump prices and OPEC producers' ongoing reluctance to boost supply beyond previously agreed upon levels.

"It's a violation of U.S. antitrust laws for collusion to occur among businesses," Grassley said. "The same principle ought to apply among governments."

CLIMATE

CLIMATE COSTS: National Climate Adviser Gina McCarthy is saying the proposed \$550 billion in energy and climate provisions might not be fully necessary given progress the administration has already made. McCarthy made the comments at a summit hosted by Bloomberg Green on Wednesday, where she touted several successes under Biden, including in offshore wind, renewable power on public lands and electric vehicles.

But McCarthy — who **last week** poo-poo'd reports that she would soon leave the administration — was pressed on whether the administration can cut emissions by 50 percent by 2030 without the \$555 billion in climate spending in the stalled Build Back Better Act. She replied that the bipartisan infrastructure law has given the U.S. "a tremendous" boost.

"It's not like we're slowing down or we've slowed down because we haven't, we are still making huge progress, even in the manufacturing sector, which is so important for us to restore," she said. "But we need more from Congress. Do we need \$550 billion? Maybe not. Do we need some core tax credits and some core consumer credits for the American people to be able to succeed? We do need those and we expect to be able to achieve them."

Conversations are continuing but the administration "will get there," McCarthy said. Pressed further on the slow pace on the Hill, McCarthy conceded she "of course" wants legislation to be done now, but acknowledged it will take some time.

"I think we're not frustrated by any of these conversations. We're still busy, we're working, we're getting stuff done," she said. "But we do need to have this wrapped up and hopefully

soon, so that the American people can see that not just this administration, but Congress is all in on this effort."

McCarthy also responded to the tensions over the Commerce investigation into whether solar companies were avoiding paying Chinese excise taxes on solar panel modules. U.S. solar companies are fuming over Commerce's investigation, saying that it's costing them business. McCarthy at the summit said there's "no question" the investigation has slowed down the ability to get solar panels into the U.S. She added the president is aware of the issue and the administration is "going to do everything we can to work through these issues with the solar sector."

POSITIVE VIBES FROM ENERGY GANG: More senators expressed optimism Wednesday on the prospects of bipartisan talks to compose climate and energy security legislation, despite long odds for any type of deal emerging in an election year.

"Everybody thought we couldn't do an infrastructure carve out from the Build Back Better, and we did," said Sen. Lisa Murkowski (R-Alaska), who is leading talks among a small gang with her frequent legislative partner Energy Committee Chair Joe Manchin (D-W.Va.). "I am always bullish when it comes to energy initiatives. Is it possible to do it? Absolutely."

Proponents insist the discussion, which is still in early stages, is not meant to replace separate efforts to revive Democrats' long-stalled budget reconciliation package, in which the party would go at it alone in pursuit of Manchin's elusive vote.

"The key is to have everybody understand this is not an alternative to what we are trying to do – this is in addition to reconciliation," Sen. Sheldon Whitehouse (D-R.I.), who is not officially part of the negotiating group, told Josh. "If that's the case, and I continue to hear that is the case, there is really not much of a downside and there is some opportunity there."

THE GRID

— "Russian Gas Stoppages Spur Europe's Race for New Energy Supplies," via WSJ.

— "Power outage fails to disrupt F-150 Lightning launch; CEO says more e-trucks to come," via Detroit Free Press.

— "Mass. Energy and Environmental Affairs Secretary Kathleen Theoharides stepping down," via Boston Globe

— “Half-Built Solar Project Shows Risk From Tariffs to Biden’s Green Agenda,” via Bloomberg.

— “Elon Musk is found not liable in trial over Tesla’s SolarCity acquisition,” via The Washington Post.

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