Government Scientists Violated Rules to Influence Climate Negotiations

By H. Sterling Burnett, Ph.D.

A whistleblower at the National Oceanic and Atmospheric Administration (NOAA) reported leading NOAA climate scientist Tom Karl violated the agency’s rules by rushing to publish untested and unconfirmed data. According to the whistleblower, the publication of the data was rushed to influence the outcome of the 2015 Paris climate negotiations.

In a second breach of agency protocol, Karl and his coauthors failed to archive and store their datasets properly for testing and public disclosure.

By H. Sterling Burnett, Ph.D.

P resident Donald Trump’s appointment of Scott Pruitt as administrator of the U.S. Environmental Protection Agency (EPA) indicates big changes are in store for the agency and the businesses, states, and people affected by its rules. Pruitt was sworn in as the 14th EPA administrator by U.S. Supreme Court Justice Samuel Alito on February 17.

Reversing ‘Anti-Energy Agenda’

A press release issued the day Trump nominated Pruitt for EPA administrator quoted the president as saying, “For too long, the Environmental Protection Agency has spent taxpayer dollars on an out-of-control anti-energy agenda that has destroyed millions of jobs, while also undermining our incredible farmers and many other businesses and industries at every turn.”

PRUITT, P. 4
The 12th International Conference on Climate Change, taking place on Thursday and Friday, March 23–24, 2017 at the Grand Hyatt Hotel in Washington, DC, will feature the courageous men and women who spoke the truth about climate change during the height of the global warming scare. Now, many of them are advising the new administration or joining it in senior positions.

ICCC-12 is hosted by The Heartland Institute, “the world’s most prominent think tank supporting skepticism toward man-made climate change” (The Economist). Since 2008, more than 4,000 people have attended one or more ICCCs. This year’s ICCC focuses less on the science than previous meetings because climate realists have established beyond reasonable doubt that the human impact on climate is likely to be very small and beneficial rather than harmful. Realists have proven that most scientists now share this opinion, except those who have made careers out of finding a human impact and exaggerating it.

The election of Donald Trump and Republican majorities in the U.S. House and Senate and in state capitols around the country is proof that most American voters, most Republican elected officials, and the president himself do not believe man-made global warming is a crisis. The task ahead is not to rehash the science yet again, hoping to win over those who will never admit to having been wrong about it. The task now is to explain the benefits of ending Obama’s war on fossil fuels and what policy changes are needed to do this. ICCC-12 will feature in-depth, expert discussions about the economics of energy policy and the benefits and costs of fossil fuels.

You can watch all the proceedings – panels and plenary sessions – live online, at climateconference.heartland.org. To learn more, visit heartland.org or call 312/377-4000.

Can’t make it to DC? Watch every minute of the conference on the live-stream at climateconference.heartland.org.

The Heartland Institute is a 33-year-old national nonprofit organization based in Arlington Heights, Illinois. Its mission is to discover, develop, and promote free-market solutions to social and economic problems. For more information, visit our website at www.heartland.org or call 312/377-4000.
Net-Metering Policies Under Fire Early, Often in 2017

By Timothy Benson

In January, state legislators introduced bills in Indiana, Minnesota, and Montana to reform their respective states’ renewable-energy policies, including net metering and solar energy subsidies.

Net-metering reform has become an increasingly hot-button issue in recent years. The NC Clean Technology Center (NCCTC) at North Carolina State University reported 28 states considered or enacted 73 changes to net-metering policies in 2016, up from 42 actions in 25 states in 2015.

Net-metering laws require utilities to purchase excess electricity from households with their own electricity generation source, usually in the form of rooftop solar panels, at the retail prices ratepayers pay for electricity. Utilities typically buy electricity wholesale or generate it on their own, so the power they purchase from these “distributed-generation” sources costs them more, which they pass on to other ratepayers in the form of higher prices.

Eliminating Renewable Subsidies

Six bills have been introduced in 2017 in the Montana State Legislature, including Senate Bill 154, which would end some of the state’s renewable-power incentives, including eliminating five of Montana’s 13 alternative-energy tax credits and the state’s energy loan and grant programs for net-metering solar power systems.

“I hope the [solar] industry does grow, but not at the expense of Montana taxpayers,” said state Sen. Mike Lang (R-Malta), who introduced SB 154.

In Minnesota, House File 235 would end the “Made in Minnesota” subsidy program, which provides homeowners a subsidy worth roughly 40 percent of the cost of installation of solar panels and an annual rebate for the power those panels produce, if they are manufactured in Minnesota.

In Indiana, Senate Bill 309 would end the state’s net-metering program by 2022, grandfathering in existing customers for 10 years. Instead of paying the retail price for excess electricity produced by rooftop solar systems, utilities will pay 125 percent of the average annual wholesale market price. The current retail price for electricity in Indiana is around 11 cents per kilowatt hour (kwh), and the wholesale rate is around 3 cents per kwh.

John Eick, director of the American Legislative Exchange Council’s Energy, Environment, and Agriculture Task Force, says Indiana’s push for net-metering reform is a good start toward eliminating government-mandated distortions in the system.

“Indiana’s bill minimizes the shifting of grid costs from solar owners to non-solar owners, a step in the right direction,” Eick said.

Inequitable Cost Shifting

Because under net-metering laws, utilities pay the retail price for electricity from distributed sources of electricity, instead of the wholesale price, distributed-generation customers don’t have to cover their share of utilities’ costs of building and maintaining the electric grid. Such cost-shifting is regressive, because rooftop-solar owners have generally higher incomes than others, so lower-income ratepayers end up subsidizing higher-income customers.

The California Public Utilities Commission determined customers who have installed net-metering systems since 1999 have had an average median household income of $91,210. This is significantly higher than the state’s median income of $54,283.

“A Government-Created Problem”

Eick and James Taylor, president of the Spark of Freedom Foundation, say state governments created the problem they are now trying to solve.

“All across the country, state policymakers are starting to understand the many problems associated with subsidizing rooftop solar through net metering and other direct subsidies like tax credits,” said Eick.

“The dispute over net metering is a government-created problem,” said Taylor. “The amount of power utilities must purchase and the price they pay for solar power from small-scale providers is a political issue only because most state governments created and enforce a monopoly electricity market.

For Taylor, opening electric markets to competition would solve the problems government mandates and monopolies have created.

“Utilities point out small-scale solar is not cost-competitive, and they can generate or purchase power at lower prices elsewhere,” Taylor said. “Resolving this problem in a just manner would mean allowing consumers to purchase power from whomever they want, better ensuring any solar power that is cost-competitive will find a market, and nobody will be forced into or shut out of electricity-purchase decisions.”

Timothy Benson (tbenson@heartland.org) is a policy analyst at The Heartland Institute.
Continued from page 1

“[Pruitt] will reverse this trend and restore the EPA’s essential mission of keeping our air and our water clean and safe,” Trump said in the statement.

Pruitt sued the agency to block regulations 14 times as Oklahoma’s attorney general and participated in multistate challenges to EPA regulations, including a successful suit in which the U.S. Supreme Court blocked EPA’s Mercury and Air Toxics rule. Pruitt also participated in lawsuits that produced stays of EPA’s Waters of the United States regulation and its Clean Power Plan. In these cases, Pruitt argued EPA’s rules violated states’ rights, were unconstitutional, and went beyond the authority delegated to the agency.

In the hearing before the Senate Environment and Public Works Committee considering his nomination, Pruitt described his vision for EPA as within the bounds of the laws as written by Congress. Pruitt tested as Oklahoma’s attorney general he had seen “examples where the agency became dissatisfied with the tools Congress had given it to address certain issues, and bootstrapped its own powers and tools through rulemaking.”

‘Proven Leader’

Jacki Pick, executive vice president of the National Center for Policy Analysis, says she is enthusiastic about Pruitt’s appointment to head EPA.

“If there is a common thread in Trump’s cabinet selections, it is the nominee must have demonstrated a critical view of the agency he or she will be asked to lead,” Pick said. “Bold, public confrontations with EPA for an unlawful abuse of power earned Pruitt his place in the lineup. Scott Pruitt has been appropriately critical of government overreach, and this should give every American comfort a move forward to a legal, constitutional order will be realized under his guidance.”

Paul Driessen, a senior policy advisor to the Committee For A Constructive Tomorrow, says Pruitt is the right man for the job.

“Scott Pruitt understands energy, environmental and climate issues, and politics,” said Driessen. “Pruitt rejects the notion Washington, DC bureau- crats should have unfettered power to dictate people’s lives, livelihoods, and living standards, making him exactly what America needs at EPA to change course away from the fundamental shift in power from the states to the federal government the previous administration attempted to impose.”

Chip Roy, director of the Center for 10th Amendment Action at the Texas Public Policy Foundation, praised Trump for choosing an experienced reformer to head EPA.

“Scott Pruitt is a Washington, DC outsider and a proven leader,” said Roy. “Pruitt has a track record of taking on burdensome federal regulations while fighting to protect the right and ability of Oklahoma to protect its own environment.

“That kind of perspective and experience will dramatically improve the EPA, by greatly diminishing the agency’s attempts at overreach while focusing intently on the proper core tasks of its legislated mission,” Roy said.

H. Sterling Burnett, Ph.D. (hshubett@heartland.org) is a research fellow at The Heartland Institute.

EPA May Pull California’s Clean Air Standards Waiver

By Kenneth Artz

Newly appointed Environmental Protection Agency (EPA) Administrator Scott Pruitt has hinted EPA may end a decades-old federal waiver that allows California to set emissions standards stricter than elsewhere in the United States.

In his January confirmation hearing, Pruitt said he couldn’t commit to retaining the current version of the waiver, which comes up for renewal every year, which has been the cornerstone of California’s efforts to combat global warming.

Under various federal waivers, California regulators have set stricter standards for air pollutants and greenhouse-gas emissions from automobiles and industry. Several other states have adopted California’s standards as part of their own efforts to improve air quality and fight global warming.

Even EPA’s less-burdensome standards impose huge costs on the U.S. economy, says William F. Shughart II, research director at The Independent Institute and a professor in public choice at Utah State University.

“Not very many people would disagree with the conclusion the EPA is imposing heavy costs on the American economy, mostly with respect to driving the coal industry out of business,” Shughart said.

National Influence

The main result of a removal of the waiver would be a beneficial harmonization of air-quality standards and improved interstate trade, Shughart says.

“This is important because California has tougher standards than the rest of the nation,” Shughart said. “For example, refineries have to comply with them when they are blending gasoline, making it difficult for us to have a single market for gasoline in the continental United States.

“Gasoline refined in Utah can’t be shipped to California if there happens to be a price spike there, because there are not enough proper blends of gasolines to sell in California,” Shughart said.

Because California is a large market, national manufacturers and industries have to meet its standards or lose an important market. As a result, the waiver imposes Californians’ preferences on people and businesses across the nation.

“The federal waivers allow California’s standards to become the nation’s standard, imposing Californians’ tastes and preferences for air quality on the rest of us,” Shughart said.

Kenneth Artz (kartz@heartland.org) writes from Dallas, Texas.
By H. Sterling Burnett, Ph.D.

Dan Ashe, director of the U.S. Fish and Wildlife Service (FWS), issued a directive to phase out the use of lead ammunition and fishing tackle within the nation’s wildlife refuges and other federal lands controlled by the agency.

The directive bans the use of lead in ammunition and fishing tackle on more than 307 million acres of federal land, effective January 2022.

The FWS action expands the existing ban on the use of lead shot for hunting migratory waterfowl to all types of ammunition and fishing equipment that use lead for all species on FWS-managed lands.

Ashe issued the directive on January 19, the day before he left the agency as President Donald Trump took the oath of office as president.

‘Breach of Trust’
The Association of Fish and Wildlife Agencies (AFWA), which represents the 50 states’ fish and wildlife agencies, issued a press statement expressing “utter dismay” over the FWS action.

“The Association views this Order as a breach of trust and deeply disappointing given that it was a complete surprise and there was no current dialogue or input from state fish and wildlife agencies prior to issuance,” AFWA President Nick Wiley said in the statement. “It does a disservice to hunters and anglers, the firearms and angling industries, and the many professionals on staff with the USFWS who desire a trusting and transparent relationship with their state partners.”

Sportsmen’s groups argue bans on traditional lead ammunition and fishing tackle will raise the cost of hunting and fishing, harming those industries without providing a conservation benefit.

The American Sportfishing Association (ASA) issued a statement on FWS’ directive, saying, “ASA views this unilateral policy to ban lead fishing tackle, which was developed without any input from the industry, other angling organizations, and state fish and wildlife agencies, as a complete disregard for the economic and social impact it will have on anglers and the recreational fishing industry.”

‘Outrageous,’ ‘Unconscionable’
John Jackson III, president of Conservation Force, says Ashe’s last-minute action was a “payoff” to radical environmentalists.

“This outrageous conduct is clearly a payoff by the outgoing Obama administration to radical environmental allies in an effort to limit sportsmen’s use of lands their dollars pay for,” Jackson said. “This regulation is intended to drive ammunition costs up and drive hunters out of their sport.

“This directive skipped the normal regulatory process, including scientific and public input, with good reason, because there is no sound conservation basis for the order,” said Jackson. “The lack of process was unconscionable and speaks for itself.”

‘Totally Politically Motivated’
Ben Carter, executive director of the Dallas Safari Club, and Jackson say they hope the Trump administration will rescind the order.

“The surprising, last-minute actions of Mr. Ashe are totally politically motivated,” said Carter. “We implore the new administration to swiftly abolish [Ashe’s directive] and return to joint state and federal decision-making based on scientific merit.”

“I doubt this drivel will come into force under the new Trump administration,” said Jackson.

H. Sterling Burnett, Ph.D. (hsburnett@heartland.org) is a research fellow at The Heartland Institute.

Did you know
7 million men ages 24 to 55 are neither working nor looking for work?

To request a complimentary copy of Men Without Work by AEI’s Nicholas Eberstadt, please visit www.aei.org/heartland-offer/

To learn more about Mr. Eberstadt and his work visit www.aei.org.
A lawsuit filed by the Pacific Legal Foundation (PLF) on behalf of California farmers and ranchers alleges a state commission’s 2014 decision to list gray wolves as an endangered species is illegal.

The suit, filed in San Diego County Superior Court on January 31, says the listing was illegal because, among other things, the gray wolves at issue are a non-native species originally from Canada, not a subspecies originally native to California. Accordingly, the wolves that entered California are not protected under the 1970 California Endangered Species Act.

‘Bad Science, Bad Law’

Damien Schiff, principal attorney with PLF, said in a statement the listing is illegal.

“The gray wolf listing amounts to bad science, bad policy, and bad law,” Schiff said. “California bureaucrats managed to label the gray wolf as ‘endangered’ only by myopically and illegally ignoring its populations outside California. This deliberate undercounting is … flat-out illegal.”

Brian Seasholes, an independent scholar whose research focuses on endangered species, says wolves have huge territories.

“Wolves can wander enormous distances,” said Seasholes. “The pair of wolves spotted in California probably wandered from Idaho down to Oregon, and from there went into California. But now, they’re probably back in Oregon.

“There are no resident gray wolves in California,” Seasholes said.

Urban, Wealthy vs. Farmers, Ranchers

The California Farm Bureau Federation and California Cattlemen’s Association oppose listing wolves as endangered because they are worried unchecked, expanding wolf populations will attack livestock.

“Gray wolves were already protected as a ‘non-game mammal,’ an arrangement that allowed flexible control,” Schiff said in the PLF statement. “In contrast, the ‘endangered’ listing makes it next to impossible for landowners to get permits even to physically remove a wolf that is threatening their animals. Even state officials would run into red tape if they were to try to capture or kill a wolf.”

Seasholes says the wolf listing is explained by geography and socioeconomics: If you live in an urban area, you think wolves and grizzly bears are great, but if you live in rural America and have to make your money off the land, you know the costs.

“For instance, if you’re wealthy, say you’re Ted Turner, and you have cattle on a 10,000-acre ranch out in the middle of Montana, you may think wolves and grizzly bears are great and you can afford to take a hit” if your livestock gets killed by wolves, Seasholes said.

Peripheral Concern

Wolves in the Yellowstone area and the Upper Midwest have large, healthy, expanding populations, Seasholes says.

“If you look at where they range across America, there are pockets in the lower 48, Canada, and Alaska, where wolves are doing really well,” Seasholes said.

“Designating transitory wolf populations in California as endangered does nothing to enhance the species’ survival and is not a good expenditure of limited conservation dollars,” said Seasholes. “There is stuff out there that is truly endangered and imperiled, but wolves are not one of those species.”

California’s Department of Fish and Wildlife has yet to file its response to the lawsuit and no hearing date has been set.

Kenneth Artz (kartz@heartland.org) writes from Dallas, Texas.
Minnesota Peat Mine Wins Wetlands Case Against Army Corps of Engineers

By Bonner R. Cohen, Ph.D.

In a victory for private landowners, a federal judge in Minnesota ruled a peat mining company did not need a wetlands permit from the U.S. Army Corps of Engineers or the U.S. Environmental Protection Agency (EPA) to expand its operations onto adjacent private property.

Attorneys for the plaintiff hailed the January 24 decision in the decade-long battle between Grand Forks, North Dakota-based Hawkes Company and the Army Corps as a significant victory for property-rights advocates, affirming the principle of judicial review and restricting the jurisdiction of the Corps over wetlands.

“This decision is not reached lightly, as the Court is aware that peat mining can have a significant impact on the environment,” Judge Ann Montgomery of the U.S. District Court of Minnesota wrote in her opinion.

The Corps’ determination a “significant nexus” existed between the wetlands in question and the Red River of the North, which is located more than 100 miles away from the land Hawkes wished to mine.

Expensive Process
The Corps’ assertion of CWA jurisdiction over the site meant Hawkes, which had already received state permits for operations, would have to seek a federal permit to develop the property, a process that regularly takes several years and costs hundreds of thousands of dollars, with no assurance the permit would be granted.

Hawkes appealed the Corps’ decision to the U.S. District Court of Minnesota, which dismissed the case, arguing the jurisdictional determination was not a final action subject to judicial review. Hawkes appealed the district court’s decision.

The Pacific Legal Foundation (PLF), which represented Hawkes, successfully argued in the Eighth Circuit Court of Appeals the Corps’ jurisdictional determination was subject to judicial review in federal court. In a unanimous decision in May 2016, the U.S. Supreme Court upheld the Eighth Circuit’s decision ruling the case was ripe for judicial consideration and sent the case back to the Minnesota district court for a hearing on the merits.

“The decision is vindication of the principle that federal agencies cannot be judge and jury of their own actions,” said James Burling, PLF’s director of litigation. “It is critically important that people have the right to go to court for a neutral decision on the legality of federal actions.”

‘Obvious Litigation Strategy’
With the Supreme Court having established the principle of judicial review for Corps actions, Montgomery agreed with Hawkes the Army Corps had failed to present sufficient evidence showing a significant nexus between the wetlands in question and the distant Red River of the North. Montgomery, found the Corps had based its determination on hypothetical surface flow rates while failing to identify any actual flow from the peat land to the river.

In a further rebuke to the Army Corps, Montgomery rejected its request to have the case remanded back to the agency for further consideration, calling it a “transparently obvious litigation strategy.”

“The [Army] Corps already had two opportunities to establish a significant physical, chemical or biological nexus between the wetlands and the Red River,” Montgomery wrote in her opinion. “Allowing the [Army] Corps a third bite at the apple would force the Plaintiffs back through a ‘never-ending loop.’”

‘Abandoned the Rule of Law’
Reed Hopper, senior attorney for PLF’s Northwest Center, who argued the case before the Supreme Court, said the final victory has far-reaching implications.

“This was a well-earned victory for Hawkes, ending more than 10 years of conflict with heavy-handed federal regulators who abandoned the rule of law to advance their own values,” said Hopper. “Beyond the specific victory for Hawkes, however, the win is a victory for millions of landowners nationwide whose rights to challenge Army Corps wetland jurisdictional determinations in a court of law was vindicated and finally established as a matter of law for the first time in the history of the Clean Water Act.”

Craig Rucker, executive director of the Committee For a Constructive Tomorrow, says the timing of the decision is significant.

“The ruling comes as the Trump administration appears on the verge of doing away with the Obama administration’s Waters of the United States rule, which, if left in place, would greatly expand federal regulatory authority over private land under the CWA. WOTUS would allow federal abuse of regulatory power on a scale even greater than what the peat miner had to endure.”

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
Government Scientists Violated Rules to Influence Climate Negotiations

As a result, some of the original datasets were lost when the computer used to process the data failed.

John Bates, the scientist responsible for establishing and maintaining NOAA’s data-testing and archiving process, disclosed the breach of agency rules in a February 4 article on the Climate Etc. website. Bates won the U.S. Department of Commerce Gold Medal in 2014 for his “visionary work in the acquisition, production, and preservation of climate data records, which accurately describe the Earth’s changing environment.”

In June 2015, the journal Science published a paper by Karl and others titled “Possible Artifacts of Data Biases in the Recent Global Surface Warming Hiatus,” which purported to show, contrary to every temperature dataset available at the time, Earth had not experienced an 18-year pause in rising temperatures but rather temperatures had continued to rise at an alarming rate. The paper was published just before the Obama administration issued its commitment to cut carbon-dioxide emissions in advance of the Paris climate conference.

Prior to Science publishing Karl’s paper, NOAA had adopted a comprehensive process, including new verification software, for reviewing climate datasets and ensuring they were archived for sharing, replication, and testing. In defiance of agency rules, Karl did not run his team’s dataset through the agency’s software and did not archive key datasets to justify the paper’s claim there had been no pause in rising global temperatures.

That’s where it starts to get interesting.

‘Thumb on the Scale’

According to Bates, Karl’s team consistently exaggerated measured warming and minimized data documentation to produce the results they wanted.

“So in every aspect of the preparation and release of the datasets leading into [Karl’s paper], we find Tom Karl pushing for, and often insisting on, decisions that maximize warming and minimize documentation,” wrote Bates in the Climate Etc. article. “Gradually, in the months after [Karl’s paper] came out, evidence kept mounting that Tom Karl constantly had his ‘thumb on the scale’—in the documentation, scientific choices, and release of datasets—in an effort to discredit the notion of a global warming hiatus and rush to time the publication of the paper to influence national and international deliberations on climate policy.”

Stonewalling Congress

Because Karl’s pause-busting conclusions were at odds with existing temperature datasets that confirmed a nearly two-decade pause in rising temperatures, the U.S. House of Representatives Committee on Science, Space, and Technology, which oversees federally funded research, requested NOAA turn over for review all documentation, assumptions, datasets, methodologies, and e-mail exchanges for the Science paper. After NOAA refused to comply fully with the request, the Science Committee subpoenaed NOAA’s documentation.

NOAA still refuses to turn over all the materials, citing its concerns about confidentiality and the integrity of the scientific process.

Arthur Viterito, a professor of geography at the College of Southern Maryland, says NOAA’s refusal to turn over the information is inexcusable and indicates Karl has something to hide.

“With regard to Karl’s refusal to comply with the congressional subpoena, I am, in a word, appalled,” said Viterito. “The taxpayers of this country have paid for this information, and any call by Congress to account for what has been done with that data requires a response.

“If they had nothing to hide, then there would be no need to withhold information,” Viterito said. “In my opinion, this is an instance where scientists, acting as political advocates, produced bad science in an effort to influence questionable government policies.”

In light of Bates’ disclosures of Karl and his coauthors’ breach of agency protocols, on February 14, the House Science Committee announced it was reopening its investigation into the 2015 paper.

Unsurprised by Data Concealment

Willie Soon, a geo-scientist at the Harvard-Smithsonian Center for Astrophysics, says he shares the public’s concern about Karl’s failure to handle his data properly, though he was not surprised by the disclosure.

“I can easily sympathize with the popular sentiment concerning the violation of data-archiving rules imposed by NOAA,” Soon said. “After all, making data available for all is the number-one acid test of science. What I cannot fathom is why Bates’ disclosure should surprise anyone.

“Many scientists pointed out Karl’s team had obviously manipulated the data to get their results, as soon as the advance online preprint of the Science paper was released,” Soon said. “Karl’s research still fails to match several accurately measured empirical datasets of tropospheric temperature.”

David Legates, a professor of climatology at the University of Delaware, says Bates should have spoken up sooner.

“Why do scientists wait until their careers are finished to blow the whistle?” said Legates. “When scientists know all along their peers are breaking the rules and do nothing about it, they are guilty of being an accessory to the wrongdoing.

“[Bates] stood idly by while other scientists were persecuted, while legislation was signed that hurt the poor, and while money was wasted on a fraud,” Legates said. “Where were your ethics when it mattered?”

H. Sterling Burnett, Ph.D. (hsburnett@heartland.org) is a research fellow at The Heartland Institute.
Congress should reform the National Flood Insurance Program (NFIP) to reduce future risks associated with the flooding of property and minimize flood damage when it occurs, a new report recommends.

According to the report, the reforms would protect taxpayers, who have repeatedly backstopped the program, as well as the environment.

NFIP provides insurance coverage to homes and businesses at risk of flooding. It is a government program run by the Federal Emergency Management Agency (FEMA), and it is set to expire unless reauthorized by September 30, 2017.

The report—produced by SmarterSafer.org, a coalition of environmentalists, taxpayer advocates, and housing organizations—says NFIP must be reformed to make it financially sustainable.

The study recommends FEMA produce more accurate and up-to-date maps of areas prone to flooding, to ensure all properties at risk of damage are included in flood insurance requirements. The study also argues the government should set premiums based on a property’s relative risk of flooding and reduce or end its subsidies for premiums, so property owners will pay full costs for flood insurance.

The study says government should level the playing field for private flood insurance by reducing premium subsidies and requiring FEMA to purchase catastrophic bonds or reinsurance policies in the private market, as private insurers do. This latter reform is aimed at reducing taxpayers’ exposure to payouts and expanding consumer choice by creating a competitive market for flood insurance.

**Accurate Pricing, Coverage Required**

NFIP is supposed to be self-supporting, financed entirely by premiums. However, it has never charged premiums appropriate to the risk of flooding, and many homes that have received disaster recovery payouts don’t carry insurance, says R.J. Lehmann, a senior fellow at The R Street Institute.

“About 20 percent of policies, policies on homes that predate the NFIP’s creation in 1968, are not priced appropriately. These homeowners are paying only a tiny fraction of what they should be paying in relation to the risk and history of their homes flooding.”

R.J. LEHMANN
SENIOR FELLOW, THE R STREET INSTITUTE

By Kenneth Artz

NFIP is supposed to be self-supporting, financed entirely by premiums. However, it has never charged premiums appropriate to the risk of flooding, and many homes that have received disaster recovery payouts don’t carry insurance, says R.J. Lehmann, a senior fellow at The R Street Institute.

“I generally agree with the thrust of the study’s reforms, but I would go further and phase out the NFIP completely,” Edwards said. “It would be better if the private sector offered unsubsidized insurance.”

Lehmann also wants the government to encourage development of private markets for flood insurance.

“We’d also like to encourage private alternatives to government flood insurance,” said Lehmann.

“In the long run, this is the better solution than having the risk laid on the backs of the taxpayers.

“It’s going to take a little bit of time to prepare the private market to do what it needs to do in order to take on all the flood risks,” Lehmann said. “But I don’t think the study’s recommendations will be ignored, because Rep. Jeb Hensarling (R-TX), chairman of the House Financial Services Committee, has made it clear he would like privatization of the NFIP.”

Kenneth Artz (kartz@heartland.org) writes from Dallas, Texas.

INTERNET INFO


Clexit explains why efforts to cut carbon dioxide emissions are not only harmful, but fruitless. The United States can reassert its leadership on the global energy and environment stage by withdrawing from the United Nations Framework Convention on Climate Change treaty. We can then lead the world in economic development by encouraging the use of fossil fuels that provide cheap and reliable energy.

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Electric Power Deregulation Has Saved Public Billions

By Michael McGrady

States with restructured electric power markets where consumers and businesses have some choice of electric power providers have saved the country more than $3 billion in energy costs annually, a new study sponsored by the University of Chicago’s Energy Policy Institute reports.

The study, titled “Imperfect Markets versus Imperfect Regulation in U.S. Electricity Generation,” compares states and regions with traditional state-established, regulated monopoly utility power systems to states that have restructured their electric power industries to allow multiple utilities and electric power traders to buy and sell electric power in competitive markets across service areas. The study’s author sought to determine whether allowing competitive purchasing and trading of electric power produced savings.

The study found in competitive power markets, utilities shift generation from higher- to lower-cost units more effectively than those in traditional, regulated monopoly markets, resulting in more than $3 billion in savings annually. In addition, utilities in deregulated electric power markets use their least-efficient power plants 10 percent less often, resulting in a 20 percent cost savings compared to states with traditional, regulated monopolies.

Studying Efficiencies

Steve Cicala, the author of the study and a professor of public policy at the University of Chicago, said what prompted his interest in electric deregulation is the lack of comprehensive evidence concerning the comparative efficiencies of regulated versus deregulated markets.

“Using auctions instead of a command-and-control approach to determine who produces electric power are dramatically different approaches to organizing an industry, yet we did not have comprehensive evidence on which system managed to deliver electricity at a lower cost,” Cicala said. “That struck me as a first-order question, and it was worth knowing the answer, whichever way it happened to turn out.

“It was entirely possible at the outset that losses from the exertion of market power would exceed any gains from increased trade across areas or plant availability,” said Cicala. “Instead, regulators have been vigilant to prevent this sort of behavior, providing us with markets that deliver electricity at lower costs than they had in the past.”

Subsidies Remain

Rob Bradley Jr., CEO of the Institute for Energy Research, says the savings from energy restructuring could be even greater if states would end renewable-energy mandates.

“The findings of the study are intuitive and Economics 101. Going from monopoly to competition will lower consumer prices,” Bradley said. “We saw this with airlines, trucking, and railroads several decades ago, and we are seeing it with electricity today.

“A word of warning is warranted, however, as many states that legislat-ed competition for power have included mandates for qualifying renewable generation, thus helping consumers on the one hand and penalizing them on the other,” Bradley said. “A free-market world would remove these special subsidies, as well as consider ending public utility regulation entirely at the state level for electricity.”

Michael McGrady (mmgrady@uccs.edu) writes from Colorado Springs, Colorado.

LEGISLATIVE PULSE

Net-Metering Reform and Other Indiana Energy Issues

Editor’s Note: Five-term Indiana state Sen. Brandt Hershman (R-Rensselaer) is the majority floor leader, chair of the Joint Rules Committee and the Tax and Fiscal Policy Committee, and a member of the Appropriations Committee and the Rules and Legislative Procedure Committee.

By H. Sterling Burnett, Ph.D.

Burnett: Senator, you’ve authored a bill that would change the way distributed electric power generation is treated in the state, including altering the net-metering rate utilities must pay. What does the bill do, and what was your motivation for offering it?

Hershman: As alternative energy generation becomes more widespread and efficient, existing policy limits the number of people who can self-generate power and pays the limited number of people who do participate an unnecessarily large subsidy of more than 300 percent of wholesale rates. As alternative energy becomes more competitive with traditional sources of generation, the current policy is unsustainable and unfair. My bill will promote alternative energy but do so in a way that does not distort markets and increase consumers’ electric bills.

Burnett: Indiana joined other states in suing to block the Obama administration’s Environmental Protection Agency’s Clean Power Plan and its Waters of the United States rule. Do you support these suits?

Hershman: I support the suits on two grounds: First, the regulations which prompted the lawsuits were unreasonable and illegal attempts to usurp the power of the legislative branch, by attempting to create policy through regulations that were not backed by law. Second, these overbroad regulations have a severe and unnecessary impact on the competitiveness of Hoosier businesses and the associated jobs created, by dramatically increasing electric power rates and wrongfully limiting private property use. Indiana will be one of the hardest-hit states in the nation as a result of these policies.

Burnett: How do you think Indiana’s relationship with the EPA and other federal agencies with environmental and energy authority might change under the Trump administration?

Hershman: I anticipate the leadership of the Trump administration to have a much greater respect for states’ rights as well as engage in a more thoughtful attempt to balance the need to protect our environment with common-sense regulations, likely by giving more attention to tools like cost-benefit analyses.

H. Sterling Burnett, Ph.D. (hsburnett@heartland.org) is a research fellow at The Heartland Institute.
Maryland Increases State’s Renewable Energy Mandate, Overrides Gov’s Veto

By H. Sterling Burnett, Ph.D.

The Maryland state legislature overrode Gov. Larry Hogan’s (R) veto of a bill to raise and accelerate mandated increases in the use of renewable energy in the state.

Under Maryland’s prior renewable energy mandate, 20 percent of the electricity provided by the state’s utilities had to come from renewable-energy sources by 2022. The new law increases and expedites the amount of renewable energy utilities have to provide, mandating 25 percent of the electricity they sell be generated by renewable sources by 2020.

Paying More for Energy

Hogan vetoed the law in May 2016, calling it a “sunshine tax” that would cost ratepayers more than $100 million.

The legislation overriding Hogan’s veto passed the Senate by a vote of 32 to 13 on February 2, having passed the House by a vote of 88 to 51 earlier in the week.

Hogan posted on his Facebook page a list of the senators who voted for the override, writing the new requirement will “place yet another burden on ratepayers and taxpayers. It will be an additional charge on your energy bill each month to pay for overly expensive solar and wind energy credits, the majority of which are created by companies outside of Maryland.”

John Eick, director of the American Legislative Exchange Council’s Energy, Environment, and Agriculture Task Force, says the expanded renewable mandates will raise energy costs and do nothing to prevent climate change.

“As Gov. Hogan has said, increasing the state’s renewable energy mandate is tantamount to a tax increase levied upon every single ratepayer in Maryland,” said Eick. “More than that, it’s bad policy to continue distorting electricity markets in a way that picks winners and losers.”

“Also, if it is the goal of the Maryland General Assembly to reduce levels of greenhouse gas emissions from their electricity sector, this sort of unilateral policy will have an absolutely negligible impact on the climate,” Eick said.

High Costs, Negligible Benefits

James Taylor, president of the Spark of Freedom Foundation, says there are more affordable, environmentally friendly ways to produce electric power than mandating companies buy more wind and solar power.

“The bill requires most of the renewable power mandate to be met through more expensive sources such as wind and solar power,” Taylor said. “If Maryland lawmakers wish to reduce power plant emissions, they should encourage additional affordable hydro, nuclear, and natural gas power.

“From an environmental standpoint, the bill’s focus on wind power will be devastating for birds and bats in the state,” said Taylor. “Maryland’s bat population, in particular, is already under great stress, and more wind turbines will kill even more birds and bats in the future.”

Timothy Benson, a policy analyst with The Heartland Institute, which publishes Environment & Climate News, says renewable mandates burden the poor and the state’s business climate while providing few environmental benefits.

“States with renewable mandates have significantly higher energy costs than those that don’t, and low-income taxpayers and families, the people least able to afford these higher prices, are the ones who bear the biggest burden under them,” Benson said. “Renewable mandates also raise costs for job creators, resulting in higher unemployment and less overall economic activity.

“This was a terrible decision by the General Assembly, one that will have little to no environmental impact but will cause significant pain to low-income Marylanders,” said Benson.

Reducing Efficiency

Thomas A. Firey, a senior fellow with the Maryland Public Policy Institute, says renewable energy mandates are not necessarily environmentally friendly.

“In thinking about a renewable energy ‘portfolio’ requirement, it’s important not to confuse ‘renewable energy’ with environmentally sound energy,” said Firey. “One must consider the requirement’s substitution effect. Wind and solar hardly ever replace coal-fired plants because coal is used to make electricity for very different types of demand than wind or solar. Thus, it’s more likely wind and solar will replace highly efficient, low-emissions natural gas generation, which won’t result in much of an environmental gain. And the requirement encourages replacing natural gas and nuclear generation with the burning of trash, biomass, and manure, which is a big environmental loss.”

‘Bootleggers and Baptists’

Firey says the Democrat-controlled legislature’s veto override was less about preventing climate change than benefiting wealthy political donors and supporters.

“If Maryland lawmakers were serious about reducing climate change, they’d simply adopt a carbon tax, which would be much more effective at reducing emissions at significantly lower costs while producing less distortions in the market,” said Firey. “So why, instead, are Maryland lawmakers pushing this flawed idea?

“The answer has to do with a common dynamic in politics: what’s known as a ‘bootleggers and Baptists’ coalition,” Firey said. “Just like in counties in the South where the outlawing of alcoholic beverages is favored by both Baptists and bootleggers (though for very different reasons), so renewable energy requirements are advocated by high-minded but often naïve environmentalists and not-so-high-minded companies and financiers a market for their costly products,” Firey said.

“When you see some of the politicians involved in this standard—folks like Maryland Senate President Thomas Miller Jr. (D-Clinton) and powerful Sen. Thomas Middleton (D-Annapolis), lawmakers with histories of supporting ‘bootleggers’—you realize this is a ‘green’ policy initiative in a sense, but the green involves people’s wallets, not clean air and water.”

H. Sterling Burnett, Ph.D. (hsburnett@heartland.org) is a research fellow with The Heartland Institute.
Interior Dept. Greenlights Eagle-Killing Wyoming Wind Project

By Bonner R. Cohen, Ph.D.

On January 18, just three days before being replaced by the Trump administration, the Obama administration gave final approval for the first phase of construction of the Chokecherry and Sierra Madre Wind Energy Project in Wyoming.

If completed, the project will be the largest wind power facility in North America.

The Interior Department’s Bureau of Land Management (BLM) approved construction of the first 500 turbines to begin in 2018, with completion of the first phase scheduled for 2020. The project will have 1,000 turbines covering 220,000 acres. Most of the project will be on BLM lands, which is why it needed the agency’s approval.

The first phase, some 75,000 acres, will use state lands and parts of a private ranch owned by Denver-based Anschutz Corporation, the parent company of the Power Company of Wyoming (PCW).

Eagle Kills Approved

PCW first applied to BLM for the project in 2008. Environmental concerns delayed BLM’s approval. BLM issued its final Environmental Impact Statement on December 9, 2016, and its finding the project would result in no significant environmental impacts on January 18, the day Phase 1 was approved for construction.

To gain approval for the project, PCW had to get permits to “take”—kill, injure, or force from their nests—federally protected bald and golden eagles. Concurrent with BLM’s greenlighting of the Chokecherry and Sierra Madre project, the U.S. Fish and Wildlife Service approved the issuance of two permits: one pertaining to the construction of the first 500 turbines and the other covering the first five years of the project’s operation. Under those permits, PCW will be allowed to take up to two bald eagles and 14 golden eagles each year.

PCW was required to develop separate conservation plans for bald eagles, golden eagles, other migratory birds, and bats in order to reduce its impact on those species and receive 30-year take permits. BLM is also requiring PCW to develop additional compensatory mitigation plans to offset the project’s harm to golden eagles, including retrofitting thousands of older power poles still in use that pose electrocution hazards for eagles.

Sage Grouse Habitat

PCW was also told it must modify its development plan to protect greater sage grouse habitat. The greater sage grouse is a ground-dwelling, chicken-sized bird whose habitat includes the area where the facility is situated. Citing declining numbers of greater sage grouse, in 2015 BLM imposed a package of 15 amended land-management plans throughout the bird’s 167-million-acre, 11-state habitat.

The sage grouse is found on various locations at the site where the wind installation was initially proposed. BLM forbade PCW from erecting turbines at locations where the bird is prevalent, including 30,000 acres on the Anschutz ranch which PCW has designated a “turbine-no-build” area.

‘Politically Favored’ Energy

Chris Warren, vice president for communications at the Institute for Energy Research, says the Obama administration did not hold renewable-energy projects to the same environmental protection standards imposed on fossil-fuel energy companies.

“Under the previous administration, both wind and solar facilities were essentially given a pass from normal environmental standards because they were a politically favored source of energy under the Obama administration.”

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
EPA Resists Order Requiring Assessment of Job Losses

By Kenneth Artz

The U.S. Environmental Protection Agency (EPA) continues to resist a judge’s order requiring the agency to determine how many coal mining and coal power plant jobs its emissions regulations have eliminated.

The ruling by Judge John Preston Bailey of the U.S. District Court in Wheeling, West Virginia was handed down in a case in which coal producer Murray Energy sued EPA in 2014 alleging the agency failed to fulfill its duties for decades and account for the economic impact, including job losses, caused by its rules.

This is the second time Bailey has ruled against EPA in this case. In October 2016, citing Section 321(a) of the 1970 Clean Air Act, Bailey ruled the Clean Air Act requires EPA, on a continuous basis, to calculate job losses, including coal mine and power plant layoffs, caused by its regulations. Bailey gave EPA 14 days to submit a plan for assessing job impacts of its regulations on the coal industry.

‘Insufficient, Unacceptable’ Response

EPA missed the November deadline, but in a December response, former EPA Administrator Gina McCarty said it would take the agency up to two years to devise a methodology to comply with Bailey’s ruling. Bailey rejected EPA’s claims.

In his January 11 ruling, Bailey wrote, “This response is wholly insufficient, unacceptable, and unnecessary.”

Bailey said EPA is required by law to analyze the economic impact on a continuing basis when enforcing the Clean Air Act and that McCarthy’s response “evidences the continued hostility on the part of the EPA to acceptance of the mission established by Congress.”

Bailey ordered EPA to identify mines and power plants suffering job losses or closures by EPA regulations during the Obama presidency by July 1, 2017, including identifying facilities at risk of closure or employment reductions. Bailey set a December 31 deadline for EPA to provide a plan for evaluating job losses that may result from enforcement of the Clean Air Act on an ongoing basis in the future.

‘Statute Is Unmistakably Clear’

Instead of EPA complying with Bailey’s order, the Justice Department in January asked the U.S. Court of Appeals for the Fourth Circuit to reverse Bailey’s order.

The appeal argues the jobs analysis is too heavy a burden for EPA to undertake, even though the Clean Air Act requires it.

Marlo Lewis Jr., a senior fellow at the Competitive Enterprise Institute, says the appeal is unjustified and EPA should have been complying with the law all along.

“It looks like there aren’t people in place yet [from the new Trump administration] at the Justice Department, and so there was no appointee there who could actually vet this and make sure there was an appropriate change in policy,” Lewis said. “Basically, what the Justice Department has done is to continue the Obama administration’s illegal policy, which is simply indefensible.

“EPA claimed it would take two years to set up protocols to measure the job impacts of these regulations, so if that were true, why didn’t they start doing this as soon as Murray challenged EPA on this?” said Murray. “The statute is unmistakably clear.”

Kenneth Artz (kartz@heartland.org) writes from Dallas, Texas.

Trump Stops Last-Minute Obama Pool-Pump Rule

By Michael McGrady

President Donald Trump thwarted a last-minute attempt by the Obama administration to place a new restriction on an obscure consumer product: swimming pool pumps.

The U.S. Department of Energy (DOE) published a rule on January 18, two days before Trump officially took office, requiring manufacturers to reduce consumer pool pumps’ energy consumption, starting in 2021.

On January 20, Trump issued a presidential memorandum calling for a freeze on new federal regulations and for regulations undergoing public review to be delayed to face additional scrutiny.

The presidential memorandum delays the regulation’s enactment indefinitely.

Bureaucrats Know Best?

H. Sterling Burnett, a research fellow at The Heartland Institute, which publishes Environment & Climate News, says the pool-filter rule demonstrates government bureaucrats’ belief they always know what’s best for everybody.

“The federal government has not developed products for commercial sale on the market in a competitive marketplace and has never had to make a profit, yet here it is telling companies that have to make a profit every day what their products have to do,” Burnett said.

“Government researchers, scientists, and bureaucrats are sitting there going, ‘Oh, we think pumps can do this.’ Then they set a rule, but they’re not the engineers,” Burnett said. “They’re not manufacturers. They set the rules and don’t ask manufacturers whether they’re feasible, realistic, or really wanted or not. The manufacturers have to comply, and the consumers pay the cost.”

No Effect on Climate

William Yeatman, a senior fellow at the Competitive Enterprise Institute, says the government should get out of the business of designing consumer products.

“When the government dictates product design on behalf of companies and you begin the pursuit of dictating what consumers must buy, it’s not an outlandish thing to say, ‘When the government dictates product design, it tends to be crummy.’ So, you know they’re basically telling the company, ‘Hey, don’t design it the way consumers want it.’”

‘Tenuous’ Prospects

Yeatman says the rule’s publishing date would have made its prospects for final enactment unlikely, even without Trump’s memorandum.

“This is a climate measure, and it is part of former President Obama’s second term and his attempt to achieve a legacy based on climate policies,” Yeatman said. “That makes it tenuous.”

Michael McGrady (mmcgrady@mccgradypolicyresearch.org) writes from Colorado Springs, Colorado.
Ohio Gov. Kasich Proposes Raising State’s Oil and Gas Taxes

By Michael McGrady

Ohio Gov. John Kasich (R) has offered a proposal that would raise taxes on oil and gas production in the state to help fund a partial income tax cut.

His plan calls for an across-the-board income tax cut for low- and middle-income taxpayers and expanding existing tax credits for low-income households.

To partially offset the proposed tax cut, Kasich proposes increasing Ohio’s severance taxes on oil and natural gas produced and distributed in the state.

A severance tax is a tax imposed on the removal of nonrenewable resources, such as crude oil and natural gas. Kasich proposes setting a 6.5 percent tax on crude oil and natural gas sold at the wellhead and a second 4.5 percent tax at later stages of distribution for natural gas and natural gas liquids.

Ohio currently imposes a tax of 20 cents per barrel of oil and 3 cents per thousand cubic feet of natural gas produced. The governor’s office says the two tax hikes together would yield $448 million in revenue over two years.

Shawn Bennett, executive vice president of the Ohio Oil & Gas Association, says the tax hikes Kasich proposes would burden an industry already suffering from low prices.

“While this industry continues to struggle in a market downturn, any increase in costs would stifle development even further. We have to recognize while oil prices are starting to rebound, it is not the heyday of 2013.”

SHAWN BENNETT
EXECUTIVE VICE PRESIDENT, OHIO OIL & GAS ASSOCIATION

“We’re in a completely new political environment. Things are possible now that might not have happened on the Hill before November 8. This legislation might actually pass the U.S. House of Representatives.

“What [the bill] proposes are things on the wish list of many people who you might say have been a part of the skeptical community or who produce affordable energy for a living,” said Lewis.

Illegal Funding Decision

Lewis says Obama’s GCF funding should never have been allowed in the first place, because the U.N. Framework Convention on Climate Change, under which the GCF was established, accepted the “State of Palestine” as a signatory to the treaty. U.S. law forbids any taxpayer dollars being sent to international organizations that recognize Palestine as a sovereign state.

“For example, defunding the U.N. Framework Convention on Climate Change is something current law actually requires because the U.N. framework convention is not just a treaty but the organization that administers that treaty, and under U.S. law, any U.N. agency that recognizes Palestine as a state or grants statehood status to any non-state actor is barred from receiving any money from federal agencies.

“The United States did this with [the U.N. Educational, Scientific and Cultural Organization], for example, when [UNESCO] admitted the Palestinian Authority as a state, and so the United States no longer makes contributions to UNESCO,” Lewis said. “This law is not in any way referenced in this bill, and since the bill doesn’t really explain its rationale, it’s hard to know whether that entered into [Luetkemeyer’s] thinking at all.”

Michael McGrady (mmcgrady@uccs.edu) writes from Colorado Springs, Colorado.
NC Lawmakers Urge Trump to Scuttle or Restrict Wind Project

By Bonner R. Cohen, Ph.D.

A group of North Carolina lawmakers has asked the U.S. Department of Homeland Security (DHS) to halt the operations of the Amazon Wind Farm U.S. East (Amazon East) wind-power installation in northeastern North Carolina.

The lawmakers say the facility will interfere with a nearby state-of-the-art radar facility operated by the Pentagon. If the wind farm is not shut down, they request DHS limit its operations by requiring some of its turbines be shut down.

In an undated letter sent to Homeland Security Secretary John Kelly, 10 North Carolina state legislators and retired U.S. Marine Corps General Robert C. Dickerson say they were “distraught” the 104-turbine project in Perquimans and Pasquotank Counties was approved. It could “seriously degrade” the operations of the Defense Department’s highly sophisticated “relocatable-over-the-horizon radar” (ROTHR) system in nearby Hampton Roads, Virginia, the letter said.

The letter was signed by several high-level state lawmakers, including Senate Majority Leader Harry Brown (R-Jacksonville), Senate Deputy President Pro Tempore Louis Pate (R-Mount Olive), and Speaker of the House Tim Moore (R-Kings Mountain).

The letter noted Kelly, a retired four-star Marine general, had in 2014 delivered testimony before the U.S. House Armed Services Committee expressing “grave concern” the wind farm would interfere with ROTHR and create a threat to homeland security.

Amazon East, developed by Avangrid Renewables, a U.S. subsidiary of Spain’s Iberdrola SA, became fully operational on February 9. The project generates electricity exclusively for use by internet giant Amazon.com.

**MIT Study Cited**

To buttress their argument the wind facility would undermine national security, the lawmakers and Dickerson cite a 2012 MIT study titled “Comprehensive Modeling Analysis for Stand-Off Requirements of Wind Turbines from Relocatable Over the Horizon Radar (ROTHR).”

“As you are likely aware,” the letter states, “MIT’s 2012 government-funded study concluded that any wind project within 28 miles of a ROTHR receiver, would almost certainly degrade ROTHR’s operational performance.”

The letter added, “Disturbingly, ALL of these turbines are within the 28-mile radius—with some only 14 miles from the ROTHR receiver! (Note also that these are larger turbines than were used in the MIT study—so if anything their separation should be more.)”

Chris Warren, vice president for communications at the Institute for Energy Research, says the national security concerns raised in the letter are just another of the many problems wind power creates.

“This adds to the litany of concerns with wind power,” said Warren. “Not only is wind power expensive, intermittent, and dependent on massive subsidies, but it appears, in some instances, it can undermine homeland security.”

**‘All of the Above’ Policy**

The letter writers express the hope Kelly and the Trump administration will reverse the decision by former President Barack Obama to allow the wind farm to operate.

“This totally unacceptable situation came about due to the [Obama] administration’s promotion of unscientific and nonsensical ‘All of the Above’ energy sources (and renewable energy in particular) at essentially any cost,” the letter states.

The letter says Obama officials allowed the windfarm to be built despite MIT’s findings because the administration claimed a second study concluded the electromagnetic interference with ROTHR would not be substantial and mitigation measures could allow the ROTHR facility to operate without “consequential” degradation of the information gathered by the system.

The letter says the Obama administration turned down requests for a copy of the second study so they could review its methodology and underlying assumptions. Obama staff said the findings were “confidential,” the letter states.

**Ball in Kelly’s Court**

Craig Rucker, executive director of the Committee For A Constructive Tomorrow, says Kelly and President Donald Trump are not bound by the Obama administration’s decisions on Amazon East.

“In testimony before Congress in 2014, then-General Kelly expressed grave doubts about the U.S. Navy’s assurances the threat to its ROTHR facility in Hampton Roads had been mitigated by the wind project’s developer,” Rucker said. “Now that he’s no longer answering to the Obama administration, Kelly is free to put a quick end to this threat to national security.”

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
States Consider Laws to Penalize Violent Anti-Pipeline Protests

By Bonner R. Cohen, Ph.D.

Concerned increasingly violent protests against the construction of new oil and natural gas pipelines pose a threat to public safety, lawmakers in eight states have introduced bills designed to deter protestors from damaging property, injuring bystanders, and blocking traffic.

Bills limiting actions protestors can take have been introduced in Colorado, Iowa, Michigan, Minnesota, Missouri, North Dakota, Virginia, and Washington State.

In Colorado, state Sen. Jerry Sonnenberg (R-Sterling) sponsored a bill to make it a Class 6 felony to obstruct or tamper with oil and gas equipment. A Class 6 felony in Colorado is punishable by up to 18 months behind bars and a fine of up to $100,000. Currently, those accused of committing such acts in Colorado are charged with misdemeanors and, if convicted, face relatively mild punishments.

Anti-pipeline demonstrators, operating under the slogan “keep it in the ground,” have in recent months targeted, including using acts of vandalism, TransCanada’s Keystone XL Pipeline, Energy Transfer Partners’ Dakota Access Pipeline in North Dakota, Enbridge Energy Partners’ Sandpiper Pipeline in Minnesota, and Kinder Morgan’s Trans Mountain Pipeline in Washington State.

Public Safety Concerns

Sonnenberg says he wrote the bill out of concern for public safety.

“This is about public safety,” Sonnenberg told Environment & Energy News on January 21. “My fear is that if these people continue to vandalize and change pipeline pressures, we will have a catastrophic event in the communities they are trying to protect.”

The bill doesn’t specifically mention protestors. It states it applies to anyone who “attempts to alter, obstruct, interrupt, or interfere with the action of any equipment used or associated with oil or gas gathering operations,” which covers many of the actions carried out by the pipeline protestors.

The sometimes-violent protests against the Dakota Access Pipeline have unleashed a flurry of state-level bills to impose or increase penalties on violent protests. Many of those protesting against the Dakota Access Pipeline have worn facemasks to hide their identities in clashes with police. In response, one of the bills introduced in the North Dakota legislature would make it a crime for demonstrators to wear masks.

A similar bill introduced in Missouri would make it a Class A misdemeanor for anyone taking part in an “unlawful assembly” to conceal “his or her identity by the means of a robe, mask, or other disguise.” Anyone caught violating the law could face up to one year in jail.

Protesters in North Dakota have blocked highways, putting themselves in the path of vehicles. A bill considered this year in the North Dakota House would have exempted drivers from liability if they unintentionally killed or injured a pedestrian obstructing a highway or public road. The bill was rejected by a vote of 51-40 on February 13.

Bills proposed in Iowa and Minnesota would stiffen fines and impose jail time on protestors who block traffic.

A bill offered by Washington State Sen. Doug Ericksen (R-Ferndale) would classify protests that cause economic damage or disrupt transportation or commerce as “economic terrorism,” a Class C felony.

When he introduced the bill, Ericksen, whose district includes oil refineries, said he’s trying to halt protests that block oil trains and other lawful commerce.

Protecting Lives, Property

Some of those protesting the Dakota Access Pipeline have resorted to violence and property damage, setting vehicles on fire, killing livestock, and engaging in various acts of vandalism. After these offenses, they retreated to nearby land controlled by the U.S. Army Corps of Engineers, where local law enforcement lacked the authority to arrest them.

When leaders of the National Sheriffs’ Association met with President Donald Trump on February 8, they asked him for federal assistance in dealing with the explosive situation in Morton County, North Dakota. At press time, officials were still considering the request.

On February 8, the Trump administration’s Army Corps of Engineers reversed the Obama administration’s permit retraction and approved construction of the final 1,100 feet of the Dakota Access Pipeline.

Protestors Trashed Environment

Former North Dakota state legislator Bette Grande, a research fellow for energy policy at The Heartland Institute, which publishes Environment & Climate News, says she was appalled by the mountains of trash Dakota Access Pipeline protestors left in their wake.

“The Dakota Access Pipeline already crosses under the Missouri River at Williston, North Dakota, so this is not about protecting water quality,” said Grande. “The irony is the vast majority of protestors who came from outside North Dakota to disrupt, riot, and cause damage to the pipeline caused greater environmental damage than any threatened by the pipeline.

“After the protestors were asked to leave by tribal leaders, they left behind an environmental disaster in the form of mountains of trash, burned-out cars, and human waste on the floodplain next to the river,” Grande said. “As a result, the tribe and state and federal taxpayers have been forced to clean up an environmental disaster created by protestors.”

Craig Rucker, executive director of the Committee For A Constructive Tomorrow, warns the pipeline protests set the stage for even more violent protests in the future.

“Now that the template for violent protests against pipelines has been created, we could be in for more of the same in North Dakota and elsewhere,” said Rucker. “Sooner or later, people are going to suffer bodily harm from reckless activists who would have everyone believe they really want a better world.”

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
**Study: Fossil-Fuel Divestment Is Fiscally Irresponsible**

**By Michael McGrady**

University endowments and public employee pension funds that heed environmentalists’ calls to divest their holdings from companies in the fossil-fuel industry impose substantial costs on the donors, employees, and taxpayers funding them, a new study shows.

Additionally, the study found divestment does not harm the coal, gas, and oil companies whose stocks are targeted for divestment.

In recent years, environmental groups have pressured more than 1,000 universities and state and city retirement funds to sell off their holdings of stocks in companies that finance, produce, transport, or burn fossil fuels to produce electricity, which they blame for environmental destruction and climate change.

For example, on February 14, the climate change advocacy group 350.org led more than 30 environmental groups in endorsing a letter calling on New York City Mayor Bill de Blasio to divest the city’s public-pension funds from and cease doing business with banks involved in financing the Dakota Access Pipeline project.

The letter noted the Seattle City Council voted unanimously on February 7 to end its $3 billion business relationship with Wells Fargo over the bank’s involvement in financing the pipeline.

**Divestment a ‘Bad Idea’**

Divesting from fossil fuels is a costly investment strategy, according to the new report by Daniel R. Fischel, president of Compass Lexecon, an economics and regulatory consulting firm.

In his report, Fischel calls divestment a “bad idea” if an institution is seeking an optimal return from its portfolio of investments. Fischel says the costs of divesting from fossil-fuel-related companies are substantial. Specifically, Fischel cites the costs of trading the stocks, the reduced diversification of stock holdings, and monitoring and compliance.

Less-diverse investment portfolios are exposed to higher risk and common-ly suffer lower returns on investment, Fischel writes. Fischel found from 1965 through 2014, diversified portfolios that included fossil-fuel and utility stocks experienced an average annual return above 6.5 percent. The return for diversified portfolios without fossil-fuel or utility stocks was 5.8 percent, a reduction of 0.7 percentage points per year, amounting to trillions of dollars in lower returns over the period.

**No Positive Effects**

Fischel found anti-fossil-fuel divestment is “unlikely” to improve the targeted companies’ overall value or prevent environmental harms. Even the activist organizations pushing divestment recognize this fact, Fischel writes.

“Divestiture proponent organization Fossil Free readily admits that divestment ‘is not’ primarily an economic strategy, but a moral and political one’ ... primarily intended to ‘spark a big discussion, [and] might not have an immediate impact on a fossil fuel company,’” Fischel wrote.

As a result, “[A]ny benefits from fossil fuel divestment are likely to be non-existent,” Fischel wrote. “There is no basis to believe that divestment can affect the stock prices or business decisions of targeted firms.”

**Symbolism Over Substance**

Steven Greenhut, director of the Western region for the R Street Institute, says activists’ push for fossil-fuel divestment is about making a statement and feeling good about themselves, not protecting the environment.

“Such divestment policies are about virtue signaling, not about protecting the Earth,” said Greenhut. “Pension funds that take this approach are not acting in the best interests of the public employees whose pensions are on the line or in the best interests of taxpayers, who ultimately back these pensions.

“Many pension funds are severely underfunded, so this is no time to put politics above rates of return,” Greenhut said.

Rachelle Peterson, director of research projects at the National Association of Scholars, says pension-fund managers and universities that divest from fossil fuels are putting politics ahead of fiscal responsibility.

“The decision to divest oil, coal, and gas companies carries significant financial risks,” said Peterson. “Divestment on the basis of a political viewpoint, rather than economic value, is to engage in precarious political posturing that could leave investors with low returns and jeopardize retirees’ nest eggs.”

Michael McGrady (mmcgrady@uccs.edu) writes from Colorado Springs, Colorado.
A Roadmap for Clexit: Withdrawing from UN Climate Treaties

By Jay Lehr, Ph.D.

In the preface to Donn Dears’ new book, Clexit for a Brighter Future, New Zealand climate realist Brian Leyland succinctly describes the 2015 Paris international climate agreement as “nonsense,” noting, “[If] the United States stands by the commitment made by Barack Obama, it will cost the country billions of dollars, increase the price of electricity, reduce the reliability of the power system, and do virtually nothing to slow down (mythical) dangerous man-made global warming.”

After reading Clexit, it’s difficult to disagree with Leyland’s assessment. How can this wacko conspiracy hold the attention of any sane individual?

Cheap Energy or Poverty?

Most of us recognize low-cost energy has helped the developed world live under better conditions today than kings did centuries ago. As Dears clearly shows, constraining low-cost energy, as the Paris climate agreement requires, would ensure billions of people in developing countries continue to endure starvation, disease, and misery.

Clexit—a title that echoes Britain’s exit, “Brexit,” from the European Union—explains why the United States must walk away from the U.N. Framework Convention on Climate Change (UNFCCC), the granddaddy of all climate change policy.

In a mere 36 pages, Dears tears UNFCCC to pieces, supporting each of his assertions using extensive scientific and economic data. Among the appendices Dears uses is one titled “Carbon Capture and Sequestration,” where he shows capturing and sequestering carbon emissions requires mountains of cash. In the appendix on “Storage,” Dears discusses various mechanisms for storing the electricity produced by alternative energy sources, such as wind and solar. He shows those mechanisms to be leaky and failing “far short of the storage capacity needed for eliminating a large portion of fossil fuel generating capacity.”

Let’s Not Always Have Paris

The Paris Agreement went into effect on November 4, 2016, when 55 countries, whose combined emissions account for at least 55 percent of worldwide carbon-dioxide emissions, ratified the agreement. Although the U.S. Constitution requires Senate approval of any such treaty before it can go into effect and the U.S. Senate never ratified the Paris Agreement, the United States was counted as a signatory once then-President Barack Obama signed it.

Before my readers become overcome with illness over this unjust act made by our previous president, let me calm your nerves by quoting from the UNFCCC: “Any country can withdraw from the treaty by providing written notification of its withdrawal which will go into effect one year after submission.” That is what the Clexit movement is all about.

UNFCCC establishes as its purpose: “The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve ... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.”

To achieve that goal, it is estimated global emissions of carbon dioxide (CO2) would have to be cut by 50 percent. U.S. emissions would need to be cut by 80 percent. In Chapters 1 and 2 of his book, Dears proves those goals are unachievable, because 70 percent of global CO2 emissions are emitted by China, the European Union, India, Japan, Russia, and the United States, with China and India contributing more than all the others combined. The remaining 30 percent of carbon-dioxide emissions come from countries with populations that are struggling to survive, including countries in Sub-Saharan Africa, which contains 13 percent of the world’s population but 48 percent of global poverty.

Alternative Energy, Cars

In Chapter 3, Dears calculates the cost of replacing coal and natural gas for electric power generation with wind and solar energy, concluding it would cost trillions of additional dollars.

In Chapter 4, Dears shows the treaty essentially requires people to replace gasoline-powered automobiles with cars powered by electricity or fuel cells, without considering where the electricity will come from to run the cars or to produce hydrogen for the fuel cells. Interestingly, Tesla electric cars, a favorite in Hong Kong, are responsible for higher CO2 emissions compared to gasoline-powered cars, because coal, a less-efficient energy source, provides all the energy to charge the batteries.

Heavy Burden on United States

Dears extensively documents the outsized effect the major provisions of UNFCCC have on the United States. For instance, the treaty allows any country to sue the United States if it is determined U.S. emissions entered that country’s air space. UNFCCC also states the United States will bear the bulk of all costs, as it will have to contribute the most to the U.N. Green Climate Fund.

Additionally, it establishes a “precautionary principle” requirement, mandating no country may use a new technology without first proving the technology will not unreasonably contribute to higher CO2 emissions levels. UNFCCC further requires all companies that develop useful new technologies for carbon-dioxide reduction to “share” those technologies with other countries without remuneration.

Exit Strategy

It makes no sense, Dears concludes, to continue with the UNFCCC charade. Dears says UNFCCC’s goals are not achievable and aiming for those goals will consume huge quantities of financial resources that could otherwise be used to make people’s lives better around the world.

We must withdraw from this treaty and, in this reviewer’s opinion, then withdraw entirely from the United Nations.

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“We must all hang together, or most assuredly we will all hang separately.”

—BENJAMIN FRANKLIN

Our primary energy suppliers—coal, oil, natural gas, nuclear and hydro—must band together to fight environmental extremism that threatens them all.

OTHERWISE, AMERICANS WILL BE LEFT FREEZING IN THE DARK, AS COSTS SOAR AND MILLIONS OF JOBS ARE LOST—ALL FOR NO ENVIRONMENTAL BENEFIT!

The Clean Power Plan is the latest dangerous, activist-driven energy policy. It targets coal, our cheapest and most plentiful electricity source. Rather than taking advantage of coal’s demise, energy providers and elected officials must explain how each energy source has its role to play in ensuring America’s prosperity.
GLOBAL SATELLITE TEMPERATURES

HOW MUCH GLOBAL WARMING?

Each month, Environment & Climate News updates the global averaged satellite measurements of the Earth’s temperature. These numbers are important because they are real—not projections, forecasts, or guesses. Global satellite measurements are made from a series of orbiting platforms that sense the average temperature in various atmospheric layers. Here, we present the lowest level, which climate models say should be warming. The satellite measurements are considered accurate to within 0.01°C. The data used to create these graphs can be found on the Internet at http://vortex.nsstc.uah.edu/data/msu/v6.0beta/tlt/uahncdc_lt_6.0beta5.txt All past data were revised when the methodology was updated in April 2015.

JANUARY 2017

GLOBAL AVERAGE

The global average temperature for January was 0.30˚C above average.

NORTHERN HEMISPHERE

The Northern Hemisphere’s temperature was 0.27˚C above average.

SOUTHERN HEMISPHERE

The Southern Hemisphere’s temperature was 0.33˚C above average.

219,000 years of Temperature Variation


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