HOT TOPICS

CAL’s Fossil Fuel Divestment
Putting the returns of its retirement and endowment funds at risk, the University of California has decided to divest all holdings of companies in the fossil fuel industry from their bond, mutual fund, and stock portfolios. Page 3

TX Small Pipeline Regulation
The agency charged with regulating the oil and gas industry in Texas proposed new rules for certain natural gas and oil pipelines, requiring owners to operate the lines in a “reasonably prudent manner.” Page 11

Fraudulent EV Credits
U.S. taxpayers paid millions of dollars in fraudulent electric vehicle tax credit claims, the Treasury Department Inspector General reports. More than 16,000 taxpayers mistakenly or fraudulently claimed EV tax credits they did not qualify for. Page 9

Louisiana Ends Solar Program
Louisiana’s Public Service Commission ended the state’s net metering program, under which homes with rooftop solar panels were paid retail rates for electricity they sold back to the grid. Page 15

Environmental, Energy Policies Blamed for California Wildfires, Power Outages
As frustration grows over widespread wildfires and power outages in California, longstanding environmental and energy policies are increasingly being blamed for the ongoing devastation.

Pacific Gas & Electric (PG&E), the state’s largest utility, has resorted to rolling blackouts throughout much of its service area to contain the blazes. Up to two million people were left in the dark for several days in October, from the Bay Area to the Oregon border.

Included Inside ...

National Association of Scholars Report
The Irreproducibility Crisis of Modern Science: Causes, Consequences, and the Road to Reform

Trump Administration Makes Paris Climate Agreement Pullout Official

By H. Sterling Burnett
The Trump administration formally notified the United Nations it will withdraw the United States from the Paris Climate Agreement (PCA).

Secretary of State Mike Pompeo announced in a November 4 tweet the United States had filed formal paperwork to withdraw, citing an “unfair economic burden” on U.S. workers, businesses, and taxpayers.

The exit, announced the first day the government could start the process under the terms of the agreement, will become official on November 4, 2020, the day after the next presidential election.

PARIS AGREEMENT, P. 6
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The chief investment officer of the University of California (UC) system and the chairman of the UC Board of Regents’ investments committee announced the system’s endowment and its pension fund are going “fossil-free.”

The two officers, Jagdeep Singh Bachher and Richard Sherman, said UC’s system has already begun eliminating fossil-fuel investments from its $13.7 billion endowment fund and its $70 billion pension fund currently serving 320,000 employees, retirees, and students.

“We believe hanging on to fossil fuel assets is a financial risk,” Bachher and Sherman wrote in a Los Angeles Times op-ed announcing the decision.

UC’s September decision to divest is in stark contrast to the decision by the board of the California Public Employees’ Retirement System (CalPERS), the nation’s largest state-based pension fund. In April 2017, the CalPERS board chose not to give in to pressure to divest holdings in fossil-fuel-related businesses. Instead, the board voted unanimously to make it much more difficult to divest from companies producing fossil fuels and the banks that do business with them.

Much-Lower Investment Returns

Research shows pension funds that remove fossil-fuel-related investments from their portfolios have lower returns, harming investors and retirees.

A study by Compass Lexecon compared the performance of diversified stock portfolios and endowments holding the stocks and bonds of companies in the fossil fuel industry to funds lacking any fossil fuel investments over a 50-year retrospective sample period. It found “an optimal equity portfolio including fossil fuel stocks outperforms a portfolio of equal risk that is divested of energy stocks by an average of 0.5 percent per year.” As a result, divested portfolios had a 23 percent lower value than diversified portfolios including fossil-fuel-related companies over the 50-year period, amounting to trillions of dollars in foregone gains.

Diversity is key to good returns in an investment portfolio, and fossil fuel stocks are a hedge against economic ups and downs, says Todd Kendall, a Compass Lexecon executive vice president and coauthor of the study.

“When oil prices are high, it tends to be bad for companies that use a lot of energy, and when energy prices are low, it tends to be good for most segments of the economy, but the opposite is true for oil and gas companies,” Kendall said. “If you are divesting, you are giving up the diversification benefit, which is one of the most important lessons of composing a portfolio everybody learns in any reasonable investment book: Lesson one is to diversify.”

Public Versus Private Choices

The vast majority of the public pension funds and universities contemplating fossil fuel divestment have decided the supposed benefits do not outweigh the costs in terms of returns, says Kendall.

“For individuals who don’t like fossil fuel companies for whatever reason, if they want to take them out of their portfolio to express their opinion on fossil fuels, if they are willing to take the risk of losses and the costs that come with divesting, that’s one thing,” said Kendall. “But when you’re talking about public pension funds where you’re in charge of a bunch of other people’s money, you typically have fiduciary duties and you have to think hard about the obvious cost of losing diversification. It is hard for me to imagine this calculation makes sense for a public entity like the University of California system.”

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TODD KENDALL
EXECUTIVE VICE PRESIDENT
COMPASS LEXECON

Kenneth Artz (kennethcharlesartz@gmx.com) writes from Dallas, Texas.
Environmental, Energy Policies Blamed for California Wildfires, Power Outages

Continued from page 1

The periodic cutoffs, which PG&E has said could go on for another ten years, are the company’s way of dealing with gusty winds—Diablo in the north, and Santa Ana in the south—that blow over high-tension power lines and create hazards that, along with transformer malfunctions, can spark wildfires. These fires spread rapidly over dry grasses and can quickly engulf homes and businesses in rural and suburban areas.

PG&E is to blame for the blackouts and wildfires, says Gov. Gavin Newsom, claiming the utility failed to maintain and improve its power lines in its service area. “This is not, from my perspective, a climate change story as much as it is a story about greed and mismanagement over the course of decades,” Newsom said at an October 22 news conference. “It’s [about] neglect and a desire to protect not public safety but profits.”

Power Off, Air Pollution Up

Facing as much as $30 billion in legal claims, PG&E filed for bankruptcy in January 2019, after its power lines were found to have ignited wildfires in 2017 and 2018. The company’s electrical system was blamed for the gigantic Camp Fire that engulfed Paradise, California and killed 85 people and destroyed 95 percent of the town.

Prior to and during the current round of wildfires, PG&E’s decision to cut off power to areas at high risk of wildfire has resulted in many people in those areas resorting to backup fossil-fuel-powered generators to provide electricity for their homes and businesses.

In addition to being an unnecessary expense, the diesel, gasoline, and propane burned in those generators increase emissions of regulated air pollutants in a region that already has among the worst air quality in the nation.

Consequences of REM

California’s Renewable Energy Mandate (REM) requires utilities to use among the highest amounts of renewable power in the nation. State utilities are required to derive 33 percent of their power from high-cost renewables, primarily wind and solar, by 2020, 50 percent by 2030, and 100 percent by 2045.

The policy has forced PG&E and other utilities to divert millions of dollars each year away from upgrading deteriorating equipment and clearing brush and trees near exposed powerlines, to spend on reducing the cost of green energy to low-income customers.

In 2018, PG&E spent $509 million on electric power discounts for low-income ratepayers in addition to $125 million on no-cost weatherization and efficiency upgrades in low-income communities. To meet state government demands, PG&E is also spending $130 million over three years to install 7,500 electric car charging stations around the state and offers drivers an $800 “clean fuel” rebate.

California’s REM has forced PG&E and other utilities to waste resources that could have otherwise been dedicated to maintaining essential infrastructure, says Paul Driessen, a senior policy analyst with the Committee for a Constructive Tomorrow (CFACT).

“In 2012, PG&E asked the California Public Utilities Commission for a rate increase of $4.8 billion to ensure sufficient cash to fix its antiquated transmission system and remove dangerous fuel buildup,” said Driessen. “But the PUC allowed only $2.4 billion, and upgrades were put off while the company squandered millions on state-mandated green energy.”

In 2017 alone, PG&E spent 60 percent more buying renewable power than on upgrading infrastructure, California state Assemblyman James Gallagher (R-Nicolaus) has pointed out in interviews. As a result, Gallagher is among a group of legislators calling for California to suspend its renewable portfolio mandate.

Malign Neglect

Rep. Tom McClintock (R-CA) has written and testified repeatedly over the years that decades of flawed environmental policies, repeated lawsuits, and mismanagement on state and federal forests have left the land littered with millions of dead and dying trees ready to erupt in flames.

“Excess timber comes out of the forest one way or the other: it is either carried out or it burns out,” wrote McClintock on his website. “[B]eginning in the 1970s, Congress began enacting laws such as the National Environmental Policy Act and the Endangered Species Act, [resulting in] once healthy and well maintained federal forests consigned to a policy of benign neglect, … placing increasing tracts of land off limits to forest management, allowing our forests to become dangerously overcrowded and overgrown.

“The Sierra now has four times the timber density that the acreage can support,” wrote McClintock. “In this overcrowded and stressed condition, our trees become susceptible to drought, pestilence, disease, and ultimately, catastrophic wildfire. Ironically, the endangered species in whose name we have imposed these misguided policies are even bigger losers than the human population.”

TOM MCCLINTOCK
U.S. REPRESENTATIVE (R-CA)

Forest mismanagement has created tragically damaging wildfires, says Jay Lehr, Ph.D., a senior policy analyst with the International Climate Science Coalition.

“Forest fires are nothing new and, under proper circumstances, can be beneficial,” said Lehr. “But over the past few decades, California’s forests have been horribly mismanaged, adding fuel to every fire by not allowing appropriate logging and the removal of deadwood, due to environmental groups wanting nature left alone.

“The tragic results speak for themselves,” said Lehr.

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research and a senior policy analyst with CFACT.

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U.S. Environmental Protection Agency Administrator Andrew Wheeler signed a memorandum directing the EPA to “aggressively reduce” animal testing, including reducing mammal study requests and cutting funding for studies using animals as test subjects 30 percent by 2025 and completely eliminating them by 2035.

Wheeler’s September memo also announced EPA was awarding $4.25 million to five universities to advance the research and development of alternative test methods for evaluating the safety of chemicals, to minimize, and if possible eliminate, the need for animal testing.

Wheeler’s memo states any mammal studies requested or funded by EPA after 2035 will require administrator approval on a case-by-case basis. It also directs leadership and staff in the Office of Chemical Safety and Pollution Prevention and the Office of Research and Development to prioritize ongoing efforts and direct existing resources toward activities demonstrating measurable effects on the reduction of animal testing while still ensuring the protection of human health and the environment.

Critics of EPA’s animal testing decision say it could put people at greater risk and it is odd the Trump administration evidently believes computer models can’t be trusted on the topic of climate change but computer simulations of biological responses to new chemicals and products are trustworthy.

“It’s one of those issues that cuts both ways,” said Milloy. “I’ve talked with people in the chemical industry who say although they are working on computer models and biological simulations, it is not very easy to model biological systems.

“On the other hand, rats and other animals aren’t people, and particular mechanisms and biological responses to chemicals appearing in animals may not exist in humans, and vice versa,” Milloy said. “Animal testing was a lot more important at the beginning of EPA when the health effects of chemicals were not very well known, but this is not the case anymore, since we’ve had plenty of experience with chemicals in all sorts of circumstances, so animal tests may be less important in many instances. Still, it is a complex issue, and a blanket prohibition is unjustified.”

Kenneth Artz (kennethcharlesartz@gmx.com) writes from Dallas, Texas.
The administration filed the paperwork a little over two years after President Donald Trump held a June 2, 2017, Rose Garden event at which Trump, keeping a campaign commitment, announced he would take the United States out of the agreement at the earliest possible date.

Putting America Before Paris
When Trump was running for president, he repeatedly called the PCA a bad deal for the United States, saying it would cost jobs and put the nation at a competitive disadvantage with other countries not required to restrict their energy use or make emission reductions.

“It is time to put Youngstown, Ohio; Detroit, Michigan; and Pittsburgh, Pennsylvania, along with many, many other locations within our great country, before Paris, France,” Trump said at the 2017 event announcing his intention to withdraw from the agreement.

Reversing Obama’s Climate Policies
Former president Barack Obama signed the PCA in 2015, committing the United States to reducing emissions by 28 percent below 2005 levels by 2030. Lacking enough support in the Senate to ratify the PCA, the Obama administration argued it was not a treaty needing Senate approval to be binding, but rather an executive agreement.

Obama then undertook a series of executive actions intended to cut U.S. carbon dioxide emissions to meet the PCA commitments. These regulations included the Clean Power Plan (CPP), forcing states to restrict carbon dioxide emissions from coal-fueled electric power plants—essentially forcing states to close such plants and replace them primarily with wind and solar electric power facilities—and dramatically increasing the fuel economy mandate automakers must meet for their vehicles, which, if it had come into full effect, would have forced the public into smaller vehicles with less horsepower or electric cars.

In keeping with his 2017 withdrawal announcement and in the run-up to the administration filing the formal notice to withdraw, Trump has rolled back each of the Obama administration’s signature climate regulations, replacing the CPP with the Affordable Clean Energy rule and delaying and reducing the mandatory increase in fuel economy.

Emissions Declining Without Mandates
The Trump administration points out U.S. greenhouse gas emissions have declined without taxing carbon dioxide emissions and while loosening regulatory restrictions on fossil fuel development.

In his tweet announcing the United States had started the formal process of withdrawing from the PCA, Pompeo made it clear the action was in the United States’ best interests and would not stop America from helping other countries adapt to climate conditions.

“The U.S. approach incorporates the reality of the global energy mix and uses all energy sources and technologies cleanly and efficiently, including fossil fuels, nuclear energy, and renewable energy,” Pompeo said. “We will continue to work with our global partners to enhance resilience to the impacts of climate change and prepare for and respond to natural disasters.”

The Paris Climate Agreement has loopholes that ensure it would not reduce carbon dioxide emissions, and results in the United States show no treaty is needed to cut emissions, says climate scientist Patrick Michaels, Ph.D., a senior fellow at the Competitive Enterprise Institute (CEI).

“The president was right to withdraw from the Paris Accord which is climatically meaningless, guaranteeing China will produce the lion’s share of carbon dioxide emissions for the foreseeable future,” Michaels said in a statement. “It should also be noted U.S. carbon dioxide emissions have dropped more than those from any other large industrialized nation since 2005.

“We didn’t have Paris in 2005, and we don’t need it now,” Michaels said.

Sovereignty, Economic Success
Withdrawal from the PCA is critical for U.S. sovereignty and continued economic success, says Myron Ebell, director of CEI’s Center for Energy and Environment.

“Secretary of State Pompeo has ... started the formal process to withdraw the United States from the disastrous U.N. Paris climate treaty and reclaim its sovereign right to set its own energy policy,” said Ebell in a statement. “This is a great day for America, particularly for the future economic success and security of countless Americans.”

The PCA was unwise and would have been extremely costly, says E. Calvin Beisner, Ph.D., founder of the Cornwall Alliance for the Stewardship of Creation.

“The PCA was unwise and would have been extremely costly, says E. Calvin Beisner, Ph.D., founder of the Cornwall Alliance for the Stewardship of Creation.

deal Not Yet Sealed
Ultimately, U.S. participation in the PCA will be determined by the outcome of the 2020 election. Under the terms of the agreement, the U.S. withdrawal will not be final until the day after the election.

Should Trump be reelected president, the withdrawal will almost certainly stick.

With each of the candidates for the Democratic nomination for president having castigated Trump for withdrawing from the Paris agreement and having vowed to make the United States rejoin it should they become president, by contrast, a Democratic presidential victory almost certainly means the United States will rejoin the PCA.

H. Sterling Burnett, Ph.D. (hsburnett@heartland.org) is a senior fellow at The Heartland Institute.
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Proposed Oregon Ballot Initiatives Target Fossil Fuels

By Bonner R. Cohen

Stymied in their efforts to get Oregon’s legislature to pass H.B. 2020, a statewide cap-and-trade bill, environmental groups are pushing to place before the voters in November 2020 three ballot initiatives to ban the use of fossil fuels in generating electricity in the state.

Earlier in 2019, Oregon’s Republican senators brought all legislative business to a halt by fleeing the state in order to deny the Democrat-controlled Senate a quorum necessary to hold a vote on the controversial carbon-cap bill. Republicans returned to the state capitol only after receiving assurances from their Democrat colleagues they would no longer try to call a vote on H.B. 2020.

Hard Emissions-Reduction Targets

Led by Renew Oregon, a coalition of environmental groups has filed three initiative petitions for the 2020 ballot.

One proposed measure would require the state to reduce its greenhouse-gas emissions to 50 percent below 1990 levels by 2035 and be “carbon-free” by 2050. Renew Oregon and its allies say the state currently derives 48 percent of its electricity from coal and other fossil fuels, about 41 percent from hydropower, and approximately 7 percent from solar, wind, and other renewable sources.

A second initiative would require that all electricity be generated from sources that do not produce carbon dioxide emissions, by 2045. The third proposed ballot measure would push utilities to invest more aggressively in clean building technologies.

Second Try

Renew Oregon’s website indicates the ballot initiatives are a backup plan to move forward with the campaign in place to move forward with a statewide cap-and-trade bill during its short session early in 2020.

The environmental groups hope the potential for ballot initiatives will pressure the legislature to pass some version of a carbon cap during its short session early in 2020.

The Clean Energy Jobs bill remains our top priority and we will continue to build upon more than a decade of hard work that brought it so close to the finish line in 2019,” says Renew Oregon on its website. “We hope legislators will be more successful in 2020, because the cap-and-invest program in Clean Energy Jobs is the biggest thing Oregon can do to take responsibility for our share of the climate crisis.

“However, for the sake of our children and our state, we cannot allow another failure, ... [so] with our partners in Oregonians For Clean Air, we’re launching a campaign to bring climate action directly to the voters in Oregon,” Renew Oregon states. “If our democracy and legislature fail us again in 2020, we’ll have the campaign in place to move forward with [three] ballot measures, and we will win.”

“People in Oregon need to wake up before their state becomes the next California, with rolling blackouts and rampaging forest fires. Elitist greens want subsidies for their Teslas and are jacking up the cost of electricity for ordinary working people.”

DAN KISH
DISTINGUISHED SENIOR FELLOW, INSTITUTE FOR ENERGY RESEARCH

Following in California’s Footsteps

H.B. 2020 was modeled on California’s Global Warming Act of 2006, which charged the California Air Resources Board with creating a system to trade carbon dioxide emission credits. Under H.B. 2020, Oregon’s Environmental Quality Commission would carry out the same task.

Oregonians are unlikely to be pleased with the consequences of California-like climate legislation, which has produced awful results, says Dan Kish, a distinguished senior fellow at the Institute for Energy Research.

“People in Oregon need to wake up before their state becomes the next California, with rolling blackouts and rampaging forest fires,” said Kish. “Elitist greens want subsidies for their Teslas and are jacking up the cost of electricity for ordinary working people.

“Whether it’s by legislation or the ballot box, these so-called climate policies will have disastrous consequences in Oregon, as they have in California,” Kish said.

Rising Costs, Fleeing Residents

Higher energy costs will drive residents out of Oregon if the state restricts fossil fuel use, says Jay Lehr, Ph.D., a senior policy analyst with the International Climate Science Coalition.

“If Oregon adopts these policies, the state will join California and New York as examples not to follow,” said Lehr. “Things people have taken for granted for decades, things made possible by affordable energy, will be out of reach for most, resulting in many average Oregonians fleeing to other states.”

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research and a senior policy analyst with the Committee for a Constructive Tomorrow.
By Duggan Flanakin

The Internal Revenue Service (IRS) wrongly granted $73.8 million of electric vehicle (EV) tax credits for 16,510 tax returns that made fraudulent or mistaken claims for the credits between 2014 and 2018, a new report by the U.S. Treasury Department’s Inspector General for Tax Administration (TIGTA) states.

The TIGTA report makes clear individual filers and the IRS share the blame for these millions of dollars in wrongly granted tax credits. The IRS has, at present, no way of ensuring those claiming the electric-car tax credit aren’t doing so improperly—whether individuals claimed the credit without purchasing an EV, claimed it more than once, or claimed more money than they were allowed. IRS’s instructions for filing the claim are unclear and inadequate, TIGTA’s report says.

Decade of Subsidies

The Qualified Plug-In Electric Drive Motor Vehicle Credit, created in 2008 and amended in 2009, provides for a tax credit of $2,500, plus $417 for vehicles drawing propulsion from batteries with at least five kilowatt hours of capacity, plus an additional $417 for each kilowatt hour of battery capacity in excess of five kilowatt hours.

The maximum amount of the credit allowed for a fully electric vehicle is $7,500.

Under the law, the EV tax credit declines and eventually is eliminated once a manufacturer has sold 200,000 qualifying vehicles for use in the United States. During the first six months of the phaseout, purchasers are entitled to half the credit, and this drops to 25 percent in the second six months, after which it lapses entirely.

No Credit for Lessees

The TIGTA audit found the IRS does not have effective processes to identify and prevent erroneous EV tax credit claims. Many of these wrongful claims are attributed to leased vehicles, as lessees do not qualify for the credit. The financial institution gets the credit because it owns the leased car.

The IG’s office recommends the agency take four steps to prevent future fraud, including a requirement the IRS use the vehicle identification numbers (VIN) reported by taxpayers to verify claims’ validity.

Fraud or Ignorance?

Taxpayers claiming the EV credit for vehicles they leased probably misunderstood the law and are not trying to commit fraud, says Nick Loris, deputy director of The Heritage Foundation’s Thomas A. Roe Institute for Economic Policy Studies.

“I do believe it was more ignorance than fraud,” said Loris. “My guess is customers have been attracted to lease EVs with a subsidized rate, not knowing that the tax subsidy was already baked into the lease.”

“I don’t know if false claims come from IRS incompetence, tax filers not properly filling out forms, or a combination of both,” Loris said.

Loris says the problems with this program show the government has learned nothing from previous mistakes in other energy subsidy programs.

“What is most frustrating is that we’re repeating past mistakes,” said Loris. “Customers erroneously took advantage of alternative fuel tax credits from Obama’s stimulus plan. But following recommendations from a 2011 TIGTA report, the IRS did in fact require customers to list the vehicle year and VIN number on tax returns.”

Enthusiastic Beneficiaries

The federal government should not reauthorize the flawed EV tax credit program, not just because it engenders fraud but because the government should not intervene in private transportation decisions, says Robert Bradley, CEO of the Institute for Energy Research.

“The flawed administration of this tax credit is just one reason not to reauthorize the electric vehicle tax credit program,” said Bradley. “Yet the proposed Driving America Forward Act would raise the sales cap to 600,000 with a slight decrease in the credit to $7,000 per vehicle beyond the first 200,000.”

“BMW, Fiat Chrysler, Ford, General Motors, Honda, Tesla, Toyota, and Volkswagen, as well as environmental groups and electric utilities, all unsurprisingly support the expansion and reauthorization of the program because they benefit from it,” Bradley said.

Loris agrees the government should stay out of these consumer decisions.

“All else being equal, the market should determine the fate of electric vehicles,” Loris said. “The federal government shouldn’t be nudging consumers into certain vehicles with tax credits and fuel economy mandates.”

Favors for the Powerful

Bradley says the EV tax credit and other federal and state programs directing peoples’ transportation choices mostly benefit large, politically connected corporations and high-income individuals, at the expense of the average taxpayer.

“Among the programs benefitting the relatively wealthy are state rebates, reduced registration fees, carpool lane access, and other programs that apply in 44 states and the nation’s capital, as well as federal R&D monies for ‘sustainable transportation’ averaging about $700 million a year,” said Bradley. “In addition, 13 states use California’s zero-emission vehicle program to force the public to use politically correct transportation, and gasoline and diesel vehicles pay taxes to build and maintain roads and bridges, but few states charge comparable fees for the impact of electric vehicles on roads and associated infrastructure.

“Just as proponents of wind and solar to generate electricity claim their technologies are futuristic and what the public really wants, EV interests pretend theirs is new, just needing a little more subsidy and time,” said Bradley.

“Far from being an infant industry, EVs are mature, deficient alternatives to conventional vehicles, as consumers consistently judge with their purchases. It’s time to level the playing field, end EV tax credits and other such support, and let the market decide.”

Duggan Flanakin (dflanakin@gmail.com) writes from Austin, Texas.

INTERNET INFO

EPA Backs Off Plan for Science Transparency Rules

By Kenneth Artz

The U.S Environmental Protection Agency (EPA) withdrew a regulatory reform it proposed in April 2018 to limit the agency’s ability to craft major new regulations with studies for which the underlying data is not available for “independent validation,” EPA Administrator Andrew Wheeler announced at a September congressional hearing.

The so-called “secret science” reform was proposed by Scott Pruitt, Wheeler’s predecessor at EPA.

“The era of secret science at EPA is coming to an end,” Pruitt said when announcing the rule. “The ability to test, authenticate, and reproduce scientific findings is vital for the integrity of the rule-making process. Americans deserve to assess the legitimacy of the science underpinning EPA decisions that may impact their lives.”

When announcing the rule rescission, Wheeler said EPA will issue a supplemental proposal early next year for future rulemaking.

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This book was written for the non-scientist with five appendices to help guide the reader.

Available now at Amazon.com and Springer.
Texas Railroad Commission Establishes Safety Rules for Some Pipelines

By Duggan Flanakin

The Texas Railroad Commission (TRC), the agency that regulates Texas’ oil and gas industry, rejected proposals from commission staff to impose stringent regulations on gathering lines, which are usually small pipelines carrying oil and gas from wells to processing sites.

Staff Proposed Stringent Regulations

Texas Railroad Commission staff proposed requirements that small gathering lines must be marked and surveyed for leaks, gathering line owners must inform Texana living near lines of their proximity to the lines, the state must set a maximum pressure for the lines, and the owners must check for corrosion regularly. TRC staff proposed gathering lines larger than 12 inches in diameter would face the same regulations as long-haul transmission pipelines.

Oil and gas operators opposed the TRC staff’s proposals, saying they would provide limited safety benefits while raising costs for oil and gas operations and costing jobs. They also pointed out the TRC staff’s proposals were far more stringent than the federal rules currently under consideration.

The Texas Oil and Gas Association (TXOGA) requested any rulemaking affecting gathering lines be postponed until after new federal rules emerge from the federal Pipeline and Hazardous Materials Safety Administration (PHMSA), part of the U.S. Department of Transportation.

TXOGA testified the industry paid $14 billion in state and local taxes and state royalties in 2018 alone, helping to fund schools, roads, and first responders. TXOGA testified that by grossly exceeding expected federal requirements, the TRC staff’s proposals would result in “the misdirection of resources on low-risk pipelines” and a duplication of efforts or mismanagement once PHMSA rules are finalized.

Took the Middle Ground

TRC commissioners rejected the idea of waiting for PHMSA to act before imposing new regulations on gathering lines, but they also rejected their staff’s stringent proposals. Commissioners created a requirement for gathering line owners and managers to operate the lines in a “reasonably prudent manner,” and they opened public comment for a proposal to require gathering line operators to report accidents and cooperate with TRC investigations. Neither action is required for incidents in rural areas.

Commissioners said these proposals are intended to allow state regulators to collect more information from gathering line operators to analyze whether imposing costly, strict requirements would significantly benefit public health and safety.

‘Protect Public Safety’

TRC is not interested in creating rules that increase costs on operators but do not enhance public safety or improve environmental protection, or that run afoul of possible federal standards, says Ryan Sitton, one of the three TRC commissioners.

“The commission is very interested in promulgating rules that are consistent with long-rumored federal requirements; rules that protect public safety but are not unnecessarily overly burdensome, meaning they don’t significantly increase costs for very little return in terms of safety; and that can be easily monitored and enforced,” Sitton said. “It’s hard to understand how someone could argue that new rules, regardless of what the final rules look like, would harm the environment when there were no applicable rules to begin with.

“Operators want consistency and predictability in regulation and are not interested in having a federal set of rules that are significantly different than state rules. This is why the commission has been collaborating with PHMSA and why we are anxious for them to promulgate their gathering line rules.”

RYAN SITTON
COMMISSIONER, TEXAS RAILROAD COMMISSION

Operators want consistency and predictability in regulation and are not interested in having a federal set of rules that are significantly different than state rules. This is why the commission has been collaborating with PHMSA and why we are anxious for them to promulgate their gathering line rules.”

Safety, Cost Control

Industry operators are relieved TRC commissioners scaled back the commission staff’s proposals, says Gary L. Stone, vice president for engineering at Five States Energy Capital and a policy advisor to The Heartland Institute, which publishes Environment & Climate News.

Even without new regulations, pipelines have better safety records by far than all other forms of transporting oil and gas raw materials and finished products, Stone says.

“It is always more efficient and safer for the environment to move petroleum products, whether oil or gas, by pipeline rather than the alternatives,” Stone said. “Trucks and rail cars are more subject to spills, accidents, and leakage than are pipelines.

“In this time of relatively low commodity prices, it is critical for operators to control costs, especially since today’s oil and gas prices are at or below the break-even costs for drilling new wells,” Stone said. “Drilling and completion costs, infrastructure costs, operating costs, and administrative costs must be managed and controlled to make a profit, and as part of this it is important gathering systems and pipelines be subject only to reasonable and cost-effective regulations.”

Duggan Flanakin (dflanakin@gmail.com) writes from Austin, Texas.
Climate Data Are Being Misused and Manipulated, Says Award-Winning Scientist

By H. Sterling Burnett

Burnett: You coauthored a book titled Lukewarming: The New Climate Science that Changes Everything. What is the thesis of the book?

Michaels: Global warming is often presented as one of two alternative visions: left unattended, it will bring about an unmitigated disaster with tremendous consequences to humanity and the planet; or there is really “no such thing”—meaning little to no warming and little to no influence of human greenhouse-gas emissions on climate.

There is a third way. I call it the ‘lukewarm’ synthesis, which holds the surface temperature indeed is a bit warmer than it was around 1900, that people have something (but hardly everything) to do with that change, and that a synthesis of models and observations leads to the inescapable conclusion future warming—within the policy-responsible window—is likely to be modest and possibly quite beneficial.

Burnett: Your ICC-13 presentation discussed the misuse of climate data. Could you give a couple of examples of how climate data has been manipulated or misused to push alarming climate claims?

Michaels: Climate records are in a constant state of revision—which seems odd, as there is only so much data. One blatant example is the so-called “pausebuster” dataset published by Thomas Karl and colleagues in Science in 2015.

It had been well-known that, for largely unknown reasons, surface warming “stopped” after the 1997-1999 El Niño/La Niña cycle. Statistically, there was no significant warming trend from then through late 2014.

In the 1990s, Karl developed a new global history replacing satellite-sensed sea-surface temperatures with, in part, readings from cooling intake tubes onboard oceangoing vessels. This is an inferior dataset, as ships are of different composition and size, with different thermal characteristics and cooling tubes at different depths. At the same time, Karl’s employer, the National Oceanic and Atmospheric Administration (NOAA), launched a large series of drifting buoys with calibrated instrumentation to measure surface temperatures over the ocean. The new dataset took the very good, unbiased, buoy temperatures and raised them all 0.2 degrees Fahrenheit, to match the bad intake-tube temperatures. As more and more buoys were deployed, this was guaranteed to produce a warming trend.

Another strange example relates to the oft-repeated nostrum that tropical cyclones—hurricanes, typhoons, etc.—are becoming more severe. Disturbingly, the third (2014) National Assessment of climate change impacts on the United States, published quadrennially by the U.S. Global Change Research Program, showed a graphic of hurricane power from 1970 through 2009, superimposing a red, upward-pointing line from 1982 through 2009, with the obvious intent of showing a stark increase in recent hurricane power.

Why did the data end in 2009 in a study published in 2014? It would have been easy to include data from 2010 through 2013. But had it done so, the upward trend would have vanished, with activity returning to its 1970 through 1982 baseline.

Such errors, omissions, and commissions always seem to point in the direction of “it’s worse than we thought,” which is perhaps why retiring NOAA scientist John Bates accused the agency of “putting its thumb on the scales” of climate data in 2017.

Burnett: What have you found to be the most disturbing aspect of the way climate research and climate policy have developed over the past two decades?

Michaels: There has been a profound suspension of the normal rules of science in the climate arena. John Christy and Richard McNider at the University of Alabama-Huntsville have demonstrated climate models are predicting several times too much warming to have occurred since 1979, when satellite-sensed temperature records begin, in the tropical mid-troposphere.

This is exceedingly important because it is the difference between surface and upper air temperatures that determines buoyancy or upward motion, allowing the abundant moisture over the tropical oceans to ultimately be transported northward to feed mid-latitude agriculture. Around 90 percent of the moisture that feeds the U.S. midwestern agricultural belt—in many respects, the most productive large agricultural area on Earth—originates over the tropics. Consequently, getting the moisture flux into this region wrong means future forecasts of world food supply as affected by climate change will be useless.

This error is made in 31 of the 32 groups of models employed in the latest (fifth) Scientific Assessment of the United Nations’ Intergovernmental Panel on Climate Change. Yet it is this community of models that is used to drive impact models such as those for agriculture.

A much better scientific practice would be to use the one model suite that works: the Russian version labeled INM-CM4, but INM-CM4 projects less warming in the coming century than any of the other model suites.

The debates surrounding climate science and policy have become so vitriolic because of the tremendous amounts of money and power at stake in this issue. Proponents of drastic policy intervention know their models are on thin ice, and they will do anything to keep this fact from becoming general knowledge, including wrecking the career of anyone who might say something about it.
States, Localities Face High Wind Turbine Decommissioning Costs

By Duggan Flanakin

With the boom in industrial wind facilities, waste managers worldwide are quickly learning wind turbine blade disposal is fraught with problems.

Wind turbine producers and wind energy facility operators are facing challenges finding ways to recycle or dispose of the materials from large wind turbines, especially the composite blades, as landfills are increasingly refusing to accept turbine blades.

Operators will have to dispose of 43 million metric tons of wind turbine blade waste worldwide by 2050, with China producing 40 percent of the waste, Europe 25 percent, the United States 16 percent, and the rest of the world 19 percent, according to a report in the April 2017 issue of Waste Management. Blade disposal is beginning to emerge as a significant problem, the report states.

Limited Access to Landfills

When environmental groups pushed use of wind power to reduce greenhouse gas emissions from energy in order to fight purported climate change, they and the industry benefitting from government policies supporting wind energy development showed little comprehension of the waste problems industrial wind facilities would create.

Although in theory about 90 percent of a turbine’s parts can be recycled or sold, this is not true of the blades, which are made of a tough but flexible composite of resin, fiberglass, and other materials.

The blades are expensive to decommission and transport. They are up to 300 feet long, so operators must cut them into smaller pieces onsite before having them transported, using specialized equipment, to a landfill—when one can be found that is certified to accept them and will still do so.

Municipalities running certified landfills are increasingly rejecting wind turbine blades, even when they can charge double the amount per ton for accepting turbines, because they take up tremendous amounts of space, must be crushed at considerable expense, and take hundreds of years to break down.

A 2017 study published in the environmental and occupational health journal New Solutions found “the wood and other organic material present in the blades would also end up in landfills, potentially releasing methane, a potent greenhouse gas, and other volatile organic compounds to the environment.” As a result, the study states, “the environmental consequences and health risks are so adverse that the authors warn that if the public learns of this rapidly burgeoning problem, they may be less inclined to favor wind power expansion.”

High Costs in Minnesota

Isaac Orr, a policy fellow at the Minnesota-based Center of the American Experiment, reported recently on the high cost of decommissioning 134 wind turbines at the Nobles Wind facility in Minnesota.

“Utility documents filed by Xcel Energy in 2009 provided what it considered a ‘conservative’ estimate of $532,000 per turbine for decommissioning each turbine; thus the total cost for decommissioning the Nobles facility will be $71 million,” Orr told Environment & Climate News. “Even then, the cleanup is hardly complete since Xcel, which owns the Nobles facility, has indicated upon decommissioning it will only remove physical material and equipment 48 inches, or four feet below the surface, yet the concrete base of each turbine extends 15 feet below the surface, and Xcel’s decommissioning plan is ambiguous concerning whether its cleanup will include removing all of the extensive system of cables laid to connect the turbines to the power substations.”

“The aging wind fleet poses questions about who will pay to take down the turbines and reclaim the land,” said Orr.

On the Hook for $30 Billion

Decommissioning costs vary slightly depending on the location. The Palmer’s Creek Wind facility in Chippewa County, Minnesota has estimated it would cost $7,385,822, or about $410,000 per turbine, to decommission the 18 wind turbines operating there.

Each of the existing 60,000 turbines in the United States and 350,000 worldwide will require decommissioning at the end of its useful life. At about half a million dollars per turbine, that adds up to approximately $30 billion for the decommissioning of existing turbines, and that does not include the decommissioning cost of the thousands of additional wind turbines planned for future construction in the United States and worldwide.

Shorter Life Than Promised

These costs may arrive sooner than expected, as hundreds of wind turbines have caught fire, malfunctioned beyond repair, or ceased to operate years before the end of their supposed productive lives, advertised by the industry as being approximately 25 years, says physicist John Droz Jr., executive director of the Alliance for Wise Energy Decisions (AWED).

“The proper life range for industrial wind turbines is 15 to 20 years,” said Droz. “No modern turbines have yet existed for 20 years, so 25 years is a positive speculation put on by wind lobbyists. They have never guaranteed any lifetime period.”

If states do not act, local governments will have to develop plans to address the health and safety concerns of wind turbine siting and operation and how turbine decommissioning will be handled and who will bear the costs, says Droz. Droz recommends communities adapt to their local circumstances his organization’s National Model Wind Ordinance to address facility development.

“Local communities need to include protective decommissioning terms and conditions, carefully spelled out, in an ordinance before constructing turbines or accepting turbine waste,” Droz said. “It is critical, to ensure all decommissioning costs are borne by the wind developer.”

Duggan Flanakin (dflanakin@gmail.com) writes from Austin, Texas.
By Bonner R. Cohen

President Donald Trump issued two executive orders (EOs) to limit the use of guidance documents to impose regulatory restrictions in the future.

Guidance documents are agency statements specifying how regulations should be understood and applied, setting policy on statutory, regulatory, and technical issues and interpretations.

Guidance documents, though treated by regulatory agencies as having the force of law, are not subject to the 1946 Administrative Procedures Act and typically do not go through the normal public notice and review process for new rules or regulations. Often guidance documents are not even posted on agency websites, yet individuals and small businesses can be cited for violating an agency guidance they didn’t even know existed.

**‘Out-of-Control Bureaucracy’**

The “Bringing Guidance out of Darkness” and “Transparency and Fairness” EOs are intended to defend average citizens against harms from secret regulations, said Trump at an October 9 White House event announcing the new orders.

“Today, we take bold new action to protect Americans from out-of-control bureaucracy and stop regulators from imposing secret rules and hidden penalties on the American people,” Trump said at the White House event. “A permanent federal bureaucracy cannot become the fourth branch of government, unanswerable to American voters. In America, the people must always reign.”

**No Longer Binding**

The Bringing Guidance Out of Darkness EO states, “[I]t is the policy of the executive branch, to the extent consistent with applicable law, to require agencies to treat guidance documents as non-binding both in law and in practice, except as incorporated into a contract, take public input into account when appropriate when formulating guidance documents, and make guidance documents readily available to the public.”

The EO requires federal departments and agencies to make all guidance documents publicly available by posting them on a website in a “single, searchable, indexed database” within 120 days after an implementing memorandum from the Office of Management and Budget (OMB) is published.

The order also requires federal agencies to review all their guidance documents, rescind those judged to be unnecessary or improper, and report to the OMB director within 240 days the reasons for maintaining any guidance documents flagged by the director as unjustified or problematic.

Any new guidance document issued must “clearly state that it does not bind the public, except as authorized by law or incorporated into a contract,” procedures for the public to petition for withdrawal or modification of the guidance, and public notice and comment for guidance documents identified as having “significant” economic costs, the order states.

**Improving Transparency, Fairness**

The second EO is intended to improve transparency and fairness by establishing conditions for and limits on guidance documents used in administrative enforcement and adjudication actions.

The EO stipulates, “Guidance documents may not be used to impose new standards of conduct on persons outside the executive branch except as expressly authorized by law and expressly incorporated into a contract. When an agency takes an administrative enforcement action, engages in adjudication, or otherwise makes a determination that has legal consequences for a person, it must establish a violation of law by applying statutes or regulations. The agency may not treat noncompliance with a standard of conduct announced solely in a guidance document as itself a violation of applicable statutes or regulations.”

**Curtailing Abuses**

Trump’s guidance document EOs are an effort to rein in an out-of-control federal bureaucracy bent on expanding its authority and power, says Craig Rucker, president of the Committee for a Constructive Tomorrow (CFACT).

“For decades, the federal government has allowed bureaucrats to impose their own political agendas on the rest of the country without any oversight by Congress,” said Rucker. “Caught up in all this have been ordinary citizens who’ve received intimidating notices from regulatory agencies threatening fines and other legal actions for ‘violations’ of policies that are hidden from the public.

“These executive orders will curtail abuses by the administrative regulatory state,” said Rucker.

Members of the federal “deep state” will do what they can to thwart Trump’s EOs, says Clyde Wayne Crews, vice president for policy at the Competitive Enterprise Institute.

“Guidance documents are part of executive agencies’ ‘regulatory dark matter,’ the thousands of executive branch and independent agency actions subject to little scrutiny or democratic accountability but that carry practical, binding regulatory effects, and resisters will try to game the process to keep their power,” said Crews. “One big problem is even after OMB issues its memos, agencies have a long time to comply, which could put us at election time.

“Trump will need to hasten the process, just in case, and issue an ‘affirmation’ EO later to back OMB up,” said Crews.

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research and a senior policy analyst with CPACT.

**INTERNET INFO**


By H. Sterling Burnett

The Louisiana Public Service Commission (PSC) has voted to end the state’s net metering program for solar power.

By a three-to-two vote, PSC decided in September to end net metering subsidies for new homes and businesses installing rooftop solar panels. Louisiana has had the net metering program since 2007.

Higher Payments for Excess Power

Under net metering programs, utility customers who generate their own electricity, generally from rooftop solar panels, sell the utilities any excess power they produce, typically at retail rates, for resale to other customers. Thirty-nine states and the District of Columbia currently have some form of net metering program.

Echoing arguments by utilities and ratepayer groups in other states, Louisiana utilities say the net metering program unfairly forces the vast majority of ratepayers, who cannot afford to install solar panels on their homes or businesses, to subsidize relatively wealthy people who have the panels. Utilities say net metering customers do not bear the cost of their share of the electric grid or the special equipment needed to allow them to be both electricity consumers and providers.

Regulated utilities indicated if Louisiana’s net metering program continued unchanged, they would probably have to raise electricity rates to pay for the increasing amount of net metered solar power being added to the grid.

Protecting the Majority

PSC’s decision grandfathers in existing rooftop solar customers, including those installing new rooftop panels before the end of 2019, paying about 10 cents per kilowatt hour (kWh) for any electricity they provide back to the electric grid for 15 years. That rate is much higher than the wholesale rate utilities pay for electricity from other providers in the state.

Beginning in 2020, new rooftop solar installations will receive approximately 3 cents per kWh, equal to what the utilities would have to pay for new electric power from other sources.

PSC’s decision is good for the great majority of electric power customers in Louisiana, says utility Entergy Louisiana, in a statement.

“The commission’s proposed rule appropriately balances the interests of the one percent of customers that use solar to self-generate and export excess generation to the electric grid with the interests of the 99 percent that pay for excess solar output,” Entergy’s statement said.

Net Metering ‘Unfair’

Net metering programs wrongly force average ratepayers to pay for unreliable power from customers with rooftop solar panels, says Tim Benson, a policy analyst with The Heartland Institute, which publishes Environment & Climate News.

“Although owners of rooftop solar panels in Louisiana should be paid for the electricity they sell back to the grid, the PSC was right to ensure, going forward, these owners will be paid at the same rate conventional sources are paid, reflecting the true wholesale cost of electricity,” Benson said. “It is unfair for solar owners not to bear the costs of maintaining the grid, because the intermittency of solar power actually increases those costs.

“These maintenance costs are shifted to the owners of homes without solar panels, unfairly raising their monthly bills,” Benson said.

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

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Climate Change Reconsidered II: Fossil Fuels
By Duggan Flanakin

The U.S. Department of Energy (DOE) has authorized Eagle LNG Partners Jacksonville LLC (Eagle LNG) to export up to 0.14 billion cubic feet per day (140 Mcf/d) of domestically produced liquefied natural gas (LNG) from the proposed Eagle Jacksonville Project to be located along the St. Johns River in Jacksonville, Florida.

DOE’s approval allows the owners, Ferus Natural Gas Fuels, to export relatively small quantities of LNG from the facility to foreign markets, serve the domestic market, and provide LNG as a shipping fuel.

DOE’s order authorizes Eagle LNG to export natural gas by oceangoing vessel or ISO container to any country with which the United States does not have a free trade agreement (FTA) requiring a special provision to allow trade in natural gas, and with which trade is not prohibited by U.S. law or policy.

The Federal Energy Regulatory Commission (FERC) had authorized Eagle LNG to site, construct, and operate the Eagle LNG project on September 19, 2019.

Activists Opposed

The Center for Biological Diversity tried to prevent DOE from approving the Eagle LNG project, arguing the proposed LNG exports would cause “significant environmental harm” to local water quality, species and their habitats, and air quality. The activist group also claimed the project would exacerbate climate change by inducing greater production of natural gas—primarily through hydraulic fracturing of unconventional gas sources—for export, and by providing natural gas for other countries to burn for energy.

The American Petroleum Institute (API) filed a motion in support of the LNG terminal, citing data showing increased LNG exports can create up to 452,300 domestic jobs and support more than $73 billion in domestic economic activity through 2035. API argued adding natural gas supplies to the global gas market will benefit U.S. allies and trading partners by helping to stabilize energy prices and support economic development.

Eagle LNG said it would export to markets in the Caribbean and Central America, which API noted “have the highest electricity costs in the Western Hemisphere.” The API brief stated exports from Eagle LNG will give countries in these regions “a more affordable, reliable, and clean power source for their electricity generation needs.”

‘Innovative LNG Solutions’

DOE’s approval of exports from the Eagle LNG facility will help the company bring its products quickly to market, said Energy Secretary Rick Perry in a press release discussing the approval.

“I am pleased that the Department of Energy was able to efficiently approve Eagle LNG’s export application after the Federal Energy Regulatory Commission approved the project, allowing Eagle LNG to bring their innovative LNG solutions to the market as quickly as possible,” Perry said.

“The small-scale LNG market is an increasingly important energy supply option, and Eagle LNG has been an industry leader in this growing segment of the market,” said Assistant Secretary for Fossil Energy Steven Winberg in DOE’s press release. “This action furthers the [Trump] Administration’s commitment to promoting American energy production which is critical to American workers and the American economy.”

DOE’s order states there are currently 36 final non-FTA authorizations for a cumulative volume of 34.66 Bcf/d in natural gas exports, of which approximately 15 Bcf/d worth are in various stages of operation and construction.

Congress Fails, Administration Acts

The Eagle LNG project approval was granted after Congress failed to pass legislation aimed specifically at authorizing this project. The administration’s decision paves the way for others like it.

In 2017, Sen. Bill Cassidy (R-LA) and others filed the Small Scale LNG Access Act (S. 816), which reemerged in 2019 as S. 816. In sponsoring the bill, Cassidy said, “Decades-old restrictions on importation and exportation have stalled LNG projects that would benefit Louisiana workers, the economy; and the environment.”

In the face of Congress’s inaction, DOE revised its regulations to reduce the administrative burdens associated with the small-scale natural gas export market and to create more efficient and timely processing for such applications. Simultaneously, DOE clarified its interpretation of what projects qualify as being in the public interest. The changes allowed Eagle LNG to gain DOE’s approval.

Small Projects, Big Impact

Most LNG projects are relatively small, but their impact is large, says Dan Kish, a distinguished senior fellow at the Institute for Energy Research.

“The vast majority of LNG facilities of all kinds in the United States are small, which makes sense because of lower capitalization costs and infrastructure needs, and it adds flexibility and security by diversifying energy infrastructure geographically,” said Kish. “DOE’s approval is very important because it shows the commitment of the Trump administration to push forward its goal of energy dominance, to replace the energy dependence we suffered through as a country for 60 years.”

“A public law is always preferable, provided one can be passed without too much additional ‘green’ tape to slow or stop projects,” said Kish. “But given the current makeup of the House of Representatives, enabling legislation would be difficult to pass, with the chief opposition being the anti-energy green lobby which believes we should keep all our energy in the ground and yield control over energy to central-government authorities. They seek to stop every project, and will lie, cheat, and steal to get what they want.”

Duggan Flanakin (dflanakin@gmail. com) writes from Austin, Texas.
At the Arthur B. Robinson Center on Climate and Environmental Policy at The Heartland Institute, we are producing the research and conducting the effective advocacy needed to help restore sound science and common sense to efforts to protect the environment.

The center promotes pro-energy, pro-environment, and pro-jobs policies based on sound science and economics, not alarmism or ideology.

Through events, publications, social media, and government relations programs we have changed public opinion on climate change and other environmental topics. We have changed public policy not only in the United States but in other countries as well.

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ARTHUR B. ROBINSON, PH.D.
APRIL 2017
It Takes a Village to Restore and Protect Market Freedom

Editor’s note: Each month, Environment & Climate News will profile a national and a state-based public policy organization working to advance freedom in the arena of energy and environmental policy. The Heartland Institute, which publishes Environment & Climate News, is a national research and educational policy organization focused on free-market solutions in all 50 states. Because worthy causes are never achieved single-handedly, we devote this space to share the good work of our allies in this effort.

Competitive Enterprise Institute

The Competitive Enterprise Institute (CEI) is a nonprofit public policy organization dedicated to advancing limited government, free enterprise, and individual liberty. CEI’s mission is to promote both freedom and fairness by making good policy into smart politics.

Before founding CEI, Fred L. Smith Jr. served as one of the first analysts at the newly created U.S. Environmental Protection Agency. Smith grew dismayed by central planning-style failures to manage environmental resources fairly and effectively, so he sought out free-market solutions to the same problems. As a result, some of the earliest issues CEI worked on were failures to manage environmental rights, and access to affordable energy.

Smith also sought allies on broader issues, such as antitrust and regulatory reform, that affect many different industries and public policies. Even in the postindustrial twenty-first century, policies enacted in the age of steam and industries and public policies. Even in the postindustrial twenty-first century, policies enacted in the age of steam and the postindustrial twenty-first century, policies enacted in the age of steam and the postindustrial twenty-first century.

Climate Change, Regs, and Beyond

CEI was one of the first and most vocal free-market organizations to engage international environmental concerns and climate change in particular.

Starting with the Rio Earth Summit in 1992, where the United Nations Framework Convention on Climate Change was created, on through negotiations in Japan that produced the Kyoto Protocol in 1997, and beyond, CEI has advocated economic freedom and affordable energy to counter the radical global green movement.

To warn against the direction environmental treaties were heading, CEI published the book The Costs of Kyoto: Climate Change Policy and Its Implications in 1997 and assisted in founding the Cooler Heads Coalition. That organization has continued for more than 20 years as the top working group in Washington, D.C. for balanced and rational climate policy.

CEI’s flagship annual publication, Ten Thousand Commandments, is a snapshot of the federal regulatory state, providing a running tally of the federal regulatory burden. It has become an essential point of reference for policymakers and opinion leaders regarding the hidden costs of regulations.

Over the years, CEI experts have written, edited, and contributed to many books on environmental policy, including Ronald Bailey’s Earth Report 2000: Revisiting the True State of the Planet, James Sheehan’s Global Greens: Inside the International Environmental Establishment, and Iain Murray’s The Really Inconvenient Truths: Seven Environmental Catastrophes Liberals Don’t Want You to Know About—Because They Helped Cause Them.

Although environmental issues have always been especially prominent in CEI’s portfolio, the organization has also delved into other crucial regulatory matters such as biotechnology, the glacial pace of new drug approvals at the U.S. Food and Drug Administration, and ending U.S. agricultural subsidies.

Institute for Policy Innovation

The Institute for Policy Innovation (IPI) was created in 1987 to analyze and promote pro-growth economic policies, stressing the importance of free markets, low taxes, and limited government.

IPI focused primarily on tax policy for a decade but eventually expanded into other important policy arenas, including health policy, entitlement reform, technology policy, and intellectual property rights. Although the organization primarily targets federal policymaking, IPI often engages at the state and international levels.

Why Energy?

Several years ago, IPI added energy policy to its mix. Few issues are more important to economic growth than energy, and IPI is based in Texas, the U.S. energy hub. Plus, left-leaning environmental groups were increasingly and aggressively attacking the fossil fuel industry.

Although energy policy and environmental policy often overlap, they are not the same. For example, energy policy may have little to say about endangered species (except for the birds killed by wind turbines), plastic in the ocean, or wildfires in California. Environmental policy, by contrast, may not be concerned with which countries import the most U.S. liquefied natural gas, or the challenge of property rights and the role of eminent domain in laying pipelines.

IPI’s focus on energy policy does not mean it ignores environmental concerns. IPI believes sound energy policy complements sound environmental policy. They are not mutually exclusive.

Promoting U.S. Energy Dominance

The importance of energy policy in today’s world cannot be overstated. Energy is the driving force behind the U.S. economy. Without long-term access to abundant, affordable energy, the United States would forfeit its role as the economic powerhouse driving the global economy.

Renewable energy—especially the Left’s favorite renewable sources: wind and solar—provides only a small fraction of U.S. electricity generation. Plus, renewables cannot fill the military’s extensive and complex energy needs. The day may come when renewables become a major power source, but that time is likely a long way off.

In today’s troubled world, it is absolutely necessary that the United States strive for not just energy independence but energy dominance. Authoritarian political regimes currently control significant fossil fuel reserves, and many of them use access to their resources as a foreign policy hammer and to discourage domestic dissent. The revenue they receive often funds international mischief. U.S. allies need reliable and affordable alternatives to buying energy from a host of bad actors.

In short, the United States must both supply its own energy needs and help ensure other countries can meet theirs. This requires an open and robust U.S. energy industry, and IPI is working to make sure that continues.
Western New York Counties Consider Restricting Wind Turbines

By Bonner R. Cohen

Responding to a growing number of health complaints from local residents, members of the Chautauqua County, New York Board of Health are considering a range of proposals to regulate or limit new industrial wind turbines.

Chautauqua is New York’s westernmost county, bordering Lake Erie.

Multiple Options Considered

At a meeting of the board in October, three options were raised for consideration. One proposal would impose a moratorium on construction of industrial wind turbines until there have been further studies on the health effects of the turbines on nearby communities.

A second proposal would have the county Board of Health send a letter to towns stating its concerns about wind towers and asking officials to consider implementing local laws to govern the turbines. A third option the Board of Health is considering is to regulate wind turbines through the county’s sanitation code, which would entail writing a local regulation and then getting approval from the state Department of Health.

Although the Board of Health took no action at the meeting, some board members expressed concerns a simple moratorium on new turbines would not protect people from the effects of existing wind turbines.

During the meeting, Board of Health President Tom Erlandson said other counties prevent industrial wind facilities from being built within a mile and a half of the nearest home, yet some wind turbines in Chautauqua County have been built within a few hundred feet of homes.

‘Wild West of Wind Turbines’

People’s concerns about wind turbine placement are being ignored, says health board member John Tallet, according to media reports.

“It is the Wild West of wind turbines,” said Tallet during the meeting. “Stick them where you can. If people complain, it still doesn’t stop them from building them.”

Until more is known about the health effects of wind turbines, it might be best to impose a moratorium on new installations, says Dr. Robert Berke, another Board of Health member.

“We suggest the best practice is to have a moratorium until we have better information to show,” said Berke at the meeting. “The second thing is that towns begin to look at what they are offered and to have guidelines before they go ahead with these things, setting setback guidelines and decibel levels.”

Christine Schuyler, the county public health director, says the county’s sanitary code could be used to regulate industrial wind installations as public nuisances until or unless further regulations are approved.

Schuyler suggested the Chautauqua County Legislature consider adopting a temporary countywide moratorium, giving the Board of Health the time it needs to develop language for the sanitary code and allowing individual towns time to implement laws governing industrial wind development within their jurisdictions.

Primary Health Concern: Noise

The effect of the noise from wind farms is the primary health concern, says Berke.

“As New York moves forward with Gov. [Andrew] Cuomo’s unachievable goal of 100 percent renewable energy in 30 years, we will see more and more communities rise up in protest. Political elites in New York City and Albany are happy to install these unsightly and unhealthy facilities in distant rural communities, with the elites’ attitude being ‘Let the rubes deal with them.’ Sooner or later, the high cost of intermittent energy will reach the cities, where there will be an ugly backlash.”

CRAIG RUCKER
PRESIDENT, COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Expects Further Backlash

An increasing number of communities are likely to impose restrictions on new wind facility development as the costs of wind power become more apparent, says Craig Rucker, president of the Committee for a Constructive Tomorrow (CFACT).

“As New York moves forward with Gov. [Andrew] Cuomo’s unachievable goal of 100 percent renewable energy in 30 years, we will see more and more communities rise up in protest,” said Rucker. “Political elites in New York City and Albany are happy to install these unsightly and unhealthy facilities in distant rural communities, with the elites’ attitude being ‘Let the rubes deal with them.’

“Sooner or later, the high cost of intermittent energy will reach the cities, where there will be an ugly backlash,” said Rucker.

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Med School Climate Change Curriculum Wastes Time, Money

By AnneMarie Schieber

Becoming a medical doctor has never been easy, but today the nation’s best and brightest have to do more than graduate college with straight A’s, ace their MCAT’s, and spend considerable time and money applying to med school.

If top students are fortunate enough to achieve the herculean goal of getting into medical school, they must spend the next four years dodging progressive politics that, alarmingly, are seeping into the medical school curriculum. There is now a push—backed by the American Medical Association (AMA) and the International Federation of Medical Students’ Associations—to add climate change to medical students’ already packed course loads. A coalition of nearly 200 medical schools supports this move.

Old Diseases, Climate Focus

The coalition is falsely claiming climate change has unleashed an epidemic of diseases, to which doctors must now focus special attention. What are these exotic illnesses, you may ask? Asthma, heat stroke, Lyme disease, allergies, and respiratory and cardiovascular conditions are some of the ailments listed by the leaders behind the “climate change in med school” movement.

Climate change is “really the greatest health danger of our century,” said Mona Sarfaty of the Medical Society Consortium on Climate and Health.

None of these diseases are new. Epidemics and diseases, those listed above and thousands of others, have existed since the beginning of time, regardless of the political and social context, and to a large extent regardless of climate.

Imagine how ridiculous it would be to learn doctors in the Middle Ages were required to pass a test on the intricacies of the feudal political system prior to treating the plague. There are any number of professionals—scientists, epidemiologists, etc.—whose job it is to figure out why diseases rise and fall in prominence. Medical schools should be focused on the how of preventing and treating disease, not indoctrinating students in a politically tinged subject like climate change, a topic not even tangentially related to the causes of any particular disease or instance of illness.

Politics Instead of Business

When medical schools engrave their curriculums with political fare, it comes at the expense of important subjects. For example, few doctors are now taught anything about running a practice in today’s overpriced, over-regulated, and overly complex health care market. If doctors want to learn about operating a practice that can thrive outside the clutches of insurance companies or government payers, they must learn it on their own.

Organizations such as The Benjamin Rush Institute, which promotes service to patients, not government, have run into numerous obstacles setting up chapters in medical schools. Medical students themselves have too much on the line to speak out. In the words of one student who spoke on the condition of anonymity, “business” is a dirty word on medical school campuses. “Even if there were professors willing to create and teach such a course,” the student said, “who would hire them or let them teach it?”

Physicians in direct primary care will tell you they had to learn about the business side of operating a medical practice on their own.

Looming Doctor Shortage

When primary care doctors aren’t taught how to make a practice succeed—one that can serve patients better while rewarding doctors and their staff—they gravitate instead to fields where their considerable time and investment will pay off.

The United States will face a shortage of nearly 122,000 physicians by 2032, and although the aging population explains part of the scarcity, there is no question medical schools and residency programs need to do more to make medicine an attractive profession.

Doctors do not relish spending 18-hour days coding and documenting patient care for third-party payers. They and their patients would be better served by learning how to thrive in the evolving marketplace, where technology is changing the face of medicine and patients demand more value for their buck. Bolstering primary care is key because doctors on the front lines can remedy complex and expensive ailments early on.

There is no room in today’s daunting health care system for wasting time and money teaching doctors about climate change. As taxpayers and consumers who foot the bills, we should demand medical schools focus on something less global and more important: the patient.

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The very fabric of America is under attack— our freedoms, our republic, and our constitutional rights have become contested terrain. The Epoch Times, a media committed to truthful and responsible journalism, is a rare bastion of hope and stability in these testing times.
Pennsylvania Governor’s Cap-and-Trade Scheme Is All Pain and No Gain

By Gregory Wrightstone

Pennsylvania Gov. Tom Wolf’s executive order imposing a cap-and-trade system on carbon dioxide emissions is easily the most harmful act he has taken in his two terms as chief executive of the state. As one of the most liberal governors in the nation, his progressive impulses have, until now, been constrained by the Republican-controlled House and Senate.

His move to bring the Keystone State into the Regional Greenhouse Gas Initiative (RGGI) and impose an economically crippling carbon dioxide credit trading scheme is an attempted end-run around the legislature, implementing a de facto energy tax on fossil fuels without legislative approval.

Wolf on October 3 signed an executive order to begin the process of adding Pennsylvania to RGGI, a coalition of northeastern states comprising the so-called “first mandatory market-based program in the United States to reduce greenhouse gas emissions.”

It is now up to the state’s Department of Environmental Protection to draft the proposed regulations and then go through up to two years of a public comment period. News reports say the legislature does not have veto power over the regulation, but one can expect legislators to disagree vociferously with this claim.

**Intends to Increase Prices**

The overall goal of RGGI’s carbon dioxide cap-and-trade system is to reduce carbon dioxide emissions by making electricity derived from fossil fuels more expensive and, hence, making renewable energy more competitive.

If Pennsylvania joins RGGI, it will enter an existing market through which electricity providers purchase “emission allowances” to offset their carbon dioxide emissions. The market rate for purchasing these carbon offsets through RGGI is $5.20 per ton of carbon dioxide emitted. The most recent statewide data (2016) from the U.S. Energy Information Administration (EIA) shows Pennsylvania energy producers emitted 82 million metric tons of carbon dioxide in 2015, which would have generated about $426 million in revenues from carbon emission fees.

As RGGI is supposed to operate, states within the carbon dioxide permit trading regime are to “invest” this money into “energy efficiency, renewable energy, and other consumer-benefit programs” such as subsidies for wind and solar projects, home and office weatherizing, and expanding public transportation programs in the largest urban areas.

The nearly half-billion dollars in costs would not be absorbed by the power generators but would be passed on to consumers in the form of increased energy costs. Not only would this make Pennsylvania a more expensive place to live, it would also render the state less competitive for energy-intensive businesses compared to neighboring Ohio and West Virginia and other locales with no plans to inflate electricity costs artificially through carbon dioxide taxes or cap-and-trade schemes.

**Painful Costs**

A 2017 review of RGGI’s effects found member states experienced a 12 percent reduction in goods production and a 34 percent drop in production of energy-intensive goods, attributed primarily to a 64 percent increase in electricity prices in RGGI states between 2007 and 2015.

Additionally, the study shows the cost of wind and solar power has averaged two to three times the megawatt-hour rate of existing conventional fuel sources. Consequently, if, as expected, Pennsylvania’s membership in RGGI results in greater use of renewable energy, it will increase energy costs to the state’s businesses and consumers.

**Negligible Benefits**

An important but overlooked fact Wolf should have accounted for before imposing RGGI membership on Pennsylvania is just how small an effect such a reduction in the state’s carbon dioxide emissions would have on future temperature changes.

The overarching goal of reducing greenhouse gas emissions is to lower the future temperature of the Earth, yet, using calculations from the National Center for Atmospheric Research, eliminating all of Pennsylvania’s carbon dioxide emissions from coal and natural gas-fired sources would prevent only an immeasurable 0.001 degree Fahrenheit in warming by the year 2050.

This miniscule effect, a reduction in temperature measured in thousandths of a degree, can in no way justify the lost jobs, income, and well-being that will most likely result from Wolf’s RGGI mandate.

Gregory Wrightstone

**GEOLOGIST**

“This miniscule effect, a reduction in temperature measured in thousandths of a degree, can in no way justify the lost jobs, income, and well-being that will most likely result from Wolf’s RGGI mandate.”
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 nsstc.uah.edu/climate. All past data were revised when the methodology was updated in April 2015.

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