

# MEGAWATT DAILY

Thursday, February 1, 2018

## Trump's State of the Union address hits on permitting reform, pro-fossil fuel themes

President Trump's State of the Union address Tuesday called for bipartisan action to rebuild the nation's infrastructure, gave a nod to the permitting reforms that have been eagerly sought by energy interests, and revisited the pro-fossil fuel themes of his 2016 campaign.

"I am asking both parties to come together to give us the safe, fast, reliable and modern infrastructure that our economy needs and our people deserve," Trump said Tuesday night.

"Any bill must also streamline the permitting and approval process — getting it down to no more than two years, and perhaps even one," he said, without specifically mentioning energy infrastructure projects.

While the high-level attention could add momentum for congressional action on permitting reform, Trump's approach also tees up a potential battle over environmental requirements and funding.

In the lead-up to the speech, environmentalists Tuesday slammed draft permitting reform plans as an assault on the nation's bedrock environmental laws, and Democrats, such as Senate Majority Leader Chuck Schumer of New York, lamented the lack of direct federal investment as part of a package. In asking for a bill that generates at least \$1.5 trillion in new investment, Trump suggested federal dollars should leverage state and local spending and private sector

investment, and some drafts plans have kept the federal share to a fraction of the costs.

## **Green groups slam permitting draft**

The final form of a permitting plan is still far off, but environmental groups were reacting this week to a detailed, 23-page draft legislative outline from the administration that was leaked to The Washington Post, and includes a wishlist of steps to clear multiple bottlenecks facing a wide range of projects. The White House said the draft, from a "much earlier stage," was sent to relevant staff as a "jumping off point for potential reforms," and does not represent administration policy.

Of interest to pipeline projects, that draft would set firm 21-month deadlines for lead agencies to complete their environmental review under the National Environmental Policy Act.

In addition, it would rein in state powers over Section 401 Water Quality Act reviews through a provision that would cut decision timeframes to three months and allow companies to appeal state denials to the lead federal agency overseeing a review.

Federal agencies would no longer have to involve the US Army Corps of Engineers in reviewing nationwide permits for water crossings.

And, in a provision that has been sought by the American Gas Association, the draft proposal would strike the need for Congress to sign off on the individual crossings of National Park Service lands. Groups such as the Interstate Natural Gas Association of America have been pushing for permitting reform as an essential element to allowing private capital to flow to infrastructure projects.

"The current approval process has become clogged by delay, and therefore threatens the availability of private investment for future natural gas infrastructure projects," said INGAA President Donald Santa in a statement preceding the speech.

In a statement afterward, the Natural Gas Supply Association applauded Trump's attention to streamlining permitting.

"The average time for the permitting process for natural gas pipelines, which are built by private capital, is an unnecessarily long four years, said NGSA President Dena Wiggins, urging Congress and the administration to work together on reforms.

Details on the funding side of the infrastructure plan are expected out when the administration unveils its fiscal 2019 budget February 12 — although a final plan on permitting reform may take longer to surface.

Separately in the speech, the president touched on broad pro-energy themes, appearing to make broadsides against the Obama administration's more proactive regulation of the fossil fuel industry.

"We have ended the war on American energy — and we have ended the war on beautiful, clean coal," he said.

He gave a shout out to exports, declaring the US as "very proudly an exporter of energy to the world," a mention that was cheered by the Center for Liquefied Natural Gas.

## **Groups want attention to power grid**

Yet some power industry groups were hoping they would get a more direct reference in the speech.

The transmission-focused trade group WIRES, in a statement, said

"no part of our infrastructure is more in need of expansion and upgrade and yet so impeded by multiple layers of planning, permitting and delay, than is the high-voltage transmission system."

WIRES President Nina Plaushin, who is also vice president of federal affairs for ITC Holdings, noted that Trump's speech "regrettably omits ... the nation's electric grid."

WIRES counsel Jim Hoecker, a former FERC chairman, added that "infrastructure cannot just be about highways and bridges anymore."

In lieu of federal funding, Hoecker said there must be recognition "that the regulatory scheme inherited from a bygone era typically delays development of needed transmission facilities for up to 15 years — four to five times that needed to permit a gas pipeline — deters important innovation, and forces states into zero-sum squabbles about who pays for infrastructure that serves many jurisdictions."

The president's infrastructure push "has given this sector a chance to make its case for more transmission," he said. "I hope regulators and Congress are prepared to help."

While industry groups argue they are most interested in stripping out unnecessary redundancies, the road-posts indicate a fight may be ahead.

In a press briefing Tuesday, Christy Goldfuss, senior vice president at the Center of American Progress, said what's been floated so far is "a scam that will gut or significantly change at least 10 bedrock environmental laws to make it easier for corporations to bypass critical protections for air, water and wildlife."

— *Maya Weber, Jasmin Melvin*