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Federal Policy Update

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About Adamantine

Energy Advisory focused on Real Decarbonization

Adamantine Energy is a strategic advisory and consulting firm that helps energy companies navigate their most pressing challenges to forge enduring strategies. Our work is uniquely impact-driven and focuses on delivering meaningful, long-term solutions that imbed sustainability and climate considerations into company operations.

Core Services:

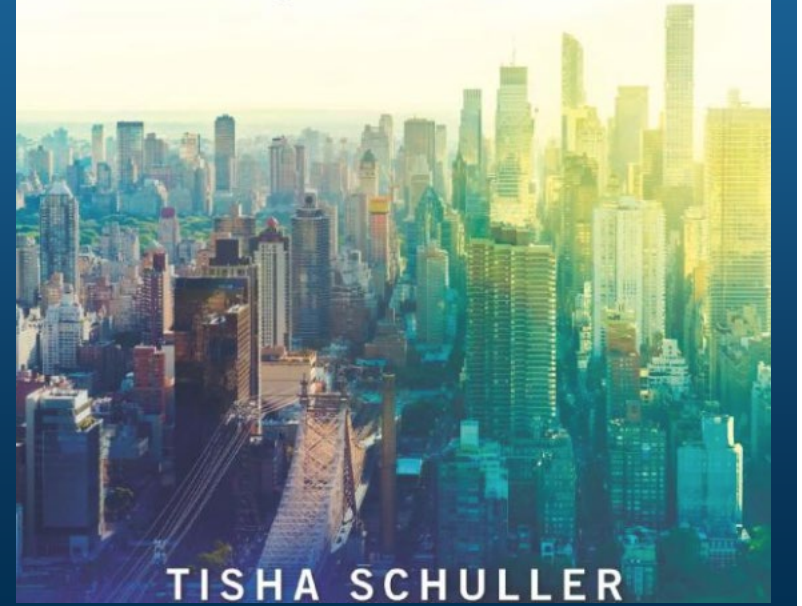
- ESG Strategy
- Managing Social Risk
- Decarbonization Strategy for Oil & Gas
- DE&I and Environmental Justice Strategy

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"A must-read blueprint to get our proven energy professionals off the bench and in the game."
– TOBY RICE, President and CEO, EQT Corporation

REAL DECARBONIZATION

How Oil and Gas Companies Are
Seizing the Low-Carbon Future





Federal Policy Update

Key Themes for 2023

- **Permitting Reform and the Debt Ceiling** – Will it happen?
- **Regulation Jenga** – Making sense of what impacts you
- **BIP and IRA Implementation** – Impending guidance and state action will boost low carbon investment
- **Environmental Justice** – The key to future projects



Permitting Reform – Will it happen?

- Permitting reform has **key allies** in the US House and Senate.
- H.R.1 “the energy package” passed the House in March but is a **nonstarter in the Senate**
- A commonsense compromise is plausible... **but not certain**



Practical	
BUILDER Act (HR 2515)	Consolidates agency review under NEPA to a lead agency, to limit the duration of environmental review by that agency to 2 years (for an EIS ¹) or 1 year (for an EA ²) and limit judicial review to within 120 days of the final publication in the Federal Register.
Critical Minerals (HR 1068)	Requires DOE to designate critical minerals to the energy economy and which have vulnerable supply chains and to secure supply of these minerals and materials.
Cross Border Energy (HR 1058)	Gives FERC authority over cross border oil and gas pipelines (instead of the Secretary of State) and DOE authority over cross border transmission lines.
Critical Mineral Permitting (various ³)	Bills to exempt critical minerals producers from requirements under the Solid Waste Disposal Act, the Toxic Substances Control Act, and reduce requirements to obtain air permits from EPA.

Political	
Fracking Oversight (HR 1121)	A bill to ensure states retain primacy over oil and gas well production and prohibiting the President from enacting a moratorium on hydraulic fracturing.
REFINER Act (HR 1085)	Direct the National Petroleum Council to submit a report examining the role of refiners in contributing to US energy security.
Crude Exports (H Res. 17)	A resolution expressing the sense of Congress that the federal government should not impose restrictions on the export of crude oil or other petroleum products.

Poison Pill	
Natural Gas Taxes (HR 1141)	Repeals the methane fee passed in the IRA.
Repealing the GHG Reduction Fund (HR 1023)	Repeals section 134 of the Clean Air Act, the Greenhouse Gas Reduction Fund. This was a provision of the IRA.
Limiting States' Authority under Section 401 of the CWA (HR 1152)	Limits the ability of states to reject a project permit application under Section 401 of the Clean Water Act (a Water Quality Certificate) expect in cases where the project would likely negatively affect water quality.
LNG Exports (HR 1130)	Eliminates the role of the DOE in overseeing exports of LNG and grants FERC sole authority over LNG siting and permitting.
Supporting KXL (H. Res. 14)	Disapproving of Biden's cancellation of the Keystone XL pipeline.

Practical = policy provisions that tackles the core issues of the U.S. permitting process and likely forms the basis of future compromise.

Political = provisions often garner mainstream media attention and are the subject of enthusiastic horse-trading but accomplish little long-term change.

Poison Pill= provisions are nonstarters for Democratic lawmakers and the White House

Energy and the Debt Ceiling – Republicans Proposal

- H.R 1 energy package (aka permitting reform)
- The repeal of certain tax credits including:
 - Clean hydrogen
 - Sustainable aviation fuel
 - Renewable electricity production
- Timing: next week



Energy and the Debt Ceiling – Reactions



Joshua Siegel ✓
@SiegelScribe

CONGRESS

Biden rejects McCarthy's debt-limit plan

Here's [@RepJohnCurtis](#) toeing the line on GOP debt bill repealing IRA clean energy tax credits, noting he's "supported many of them individually." But still suggests he'll support the bill, which he calls "a good-faith effort to begin reining in reckless spending"

6:23 PM · Apr 19, 2023 · 267 Views

The bottom line: Energy is in play in the high stakes debt ceiling fight — at least for the moment.



Joshua Siegel ✓ @SiegelScribe · 12h

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New in ME this am: Senate Democrats who support reforming permitting rules throw hot water on House Republicans' plans to link the issue to the debt ceiling battle. "We don't do hostage taking," [@SenAngusKing](#) told me. [@SenTinaSmith](#) called the tactic "bullshit"



Mix Bag of Regulations

- **DOE Clean Gas** – The DOE is considering developing a **standard** for differentiated gas.
- **EPA**
 - Methane Regulations – State policies requiring leak detection, abatement, and repair (LDAR) and limiting operators' ability to vent or flare gas **are a model for federal action, due out later this year.**
 - Methane Fee – Sets **methane emissions thresholds** for petroleum and natural gas production, processing, transmission, and storage facilities.
- **SEC Climate Disclosure Rule** - The SEC is widely expected to publish its final Climate Disclosure Rule **this month.**



Making Sense of the SEC Climate Disclosure Rule

- How will a company have to divulge their internal modeling, planning, and strategy related to transition risk
- The requirements around disclosure and verification
- What does Scope 3 requirements (if any) look like?

Registrant	All disclosures except Scope 3	Scope 3 disclosures	Attestation on Scopes 1 and 2 disclosures
Large accelerated filer	2024	2025	Limited assurance: 2025 Reasonable assurance: 2027
Accelerated filer	2025	2026	Limited assurance: 2026 Reasonable assurance: 2028
Smaller reporting company (Nonaccelerated filer)	2025	2026	Not required

A large accelerated filer has \$700 million or more in public float. An accelerated filer has less, but more than \$250 million. A smaller reporting company has under \$250 million.

Source: SEC Climate Disclosure Proposed Rule, p. 290, assuming December 2023 effective date.

Figure 1. Risk Isn't Distributed Equitably: Four Dimensions for Managing Rising Climate Risk

Criterion	Company relative risk	
Emissions	High	Low
Data quality	Mostly estimated	Direct measurements
Diversification	No low- or no-carbon projects	Low-cost/low-carbon projects
Capital access	High dependence on public capital	Alternate capital sources

¹kg/mboe denote kilograms of CO₂ equivalent per thousand barrels of oil equivalent.

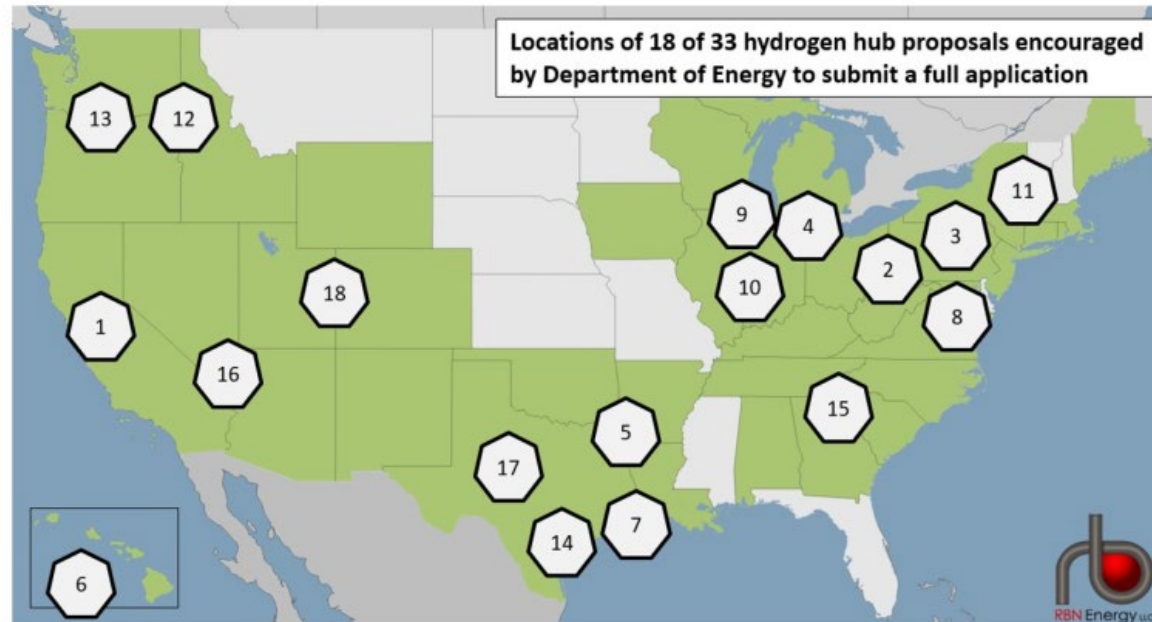
Department of Energy Hub Applications

- **DOE Hydrogen Hubs** - \$7 billion to establish 6 to 10 regional clean hydrogen hubs
 - **Status: Full applications were due April 7th**
- **Direct Air Capture Hubs** - \$3.5 billion in funding to develop four domestic regional direct air capture hubs
 - **Status: Full applications were due by March 13th**

Quality work on Environmental Justice is **central** to winning federal grants and loans



Locations of Hydrogen Hub proposals



Project	States Involved	Project	States Involved
1. Alliance for Reliable Clean Hydrogen Energy Systems	CA	10. Midwestern Hydrogen Coalition	IL, IN, KY, MI, MN, OH, WI
2. Appalachian Regional Clean Hydrogen Hub	WV, KY, OH	11. Northeast Region Hydrogen Hub	NY, CT, NJ, MA, RI, ME
3. Decarbonization Network of Appalachia	PA	12. Obsidian Pacific Northwest Hydrogen Hub	OR, WA, ID
4. Great Lakes Clean Hydrogen	OH, MI, PA, IN	13. Pacific Northwest Hydrogen Hub	OR, WA
5. HALO Hydrogen Hub	OK, AR, LA	14. Port of Corpus Christi	TX
6. Hawaii Pacific Hydrogen Hub	HI	15. Southeast Hydrogen Hub	KY, TN, AL, GA, SC, NC
7. HyVelocity Hub	TX, LA	16. Southwest Clean Hydrogen Innovation Network	AZ, NV
8. Mid-Atlantic Hydrogen Hub	DC, MD, VA	17. Trans Permian H2Hub	TX, LA
9. Midwest Alliance for Clean Hydrogen	IL, MI	18. Western Interstate Hydrogen Hub	CO, NM, UT, WY



What is Environmental Justice

At Adamantine, we utilize the EPA's definition: "Environmental justice is the **fair treatment and meaningful involvement** of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies."



Why Does Environmental Justice Matter?

- Many DOE Funding Opportunity Announcements (FOA) **require** a community benefits plan (CBP)
- CBP plans now accounts for **around 20 percent of application criteria**
- It is expected this portion of an application will serve as a **key area for differentiation between project applicants.**

Meaningful involvement of EJ communities can be **the key to successfully getting your project off the ground.**



Why Does Environmental Justice Matter?

Companies must provide an assessment of **stakeholders, workforce, and disadvantaged communities** and then **articulate any project's potential benefits and impacts to those identified**. Officials have emphasized that funding will be prioritized for projects that:

- (1) won't add additional burden to a given community and
- (2) will result in benefits to historically disadvantaged communities.



EJ and Federal Project Siting

- Class VI wells
- NEPA Review
- FERC Review
- EPA Review





Key Takeaways

Decarbonization Policy is Here to Stay

- Demonstrating an emission reduction strategy must be paired with **consistent, transparent, and validated data**

- Think about how EJ requirements will impact you:
 - One size does not fit all – each community strategy **will be unique**
 - Make sure community benefits **align** with community needs
 - Consider your application plans as **commitments**





Thank You



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