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# Executive Insight Brief

April 7, 2023

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## Aerospace & Defense

[Ukraine 'ready' to talk to Russia on Crimea if counteroffensive succeeds \(Financial Times\)](#)

Kyiv is willing to discuss the future of Crimea with Moscow if its forces reach the border of the Russian-occupied peninsula, a top adviser to President Volodymyr Zelenskyy has told the Financial Times. The comments by Andriy Sybiha, deputy head of Zelenskyy's office, are the most explicit statement of Ukraine's interest in negotiations since it cut off peace talks with the Kremlin last April. "If we will succeed in achieving our strategic goals on the battlefield and when we will be on the administrative border with Crimea, we are ready to open [a] diplomatic page to discuss this issue," Sybiha said, referring to Kyiv's long-planned counteroffensive. He added: "It doesn't mean that we exclude the way of liberation [of Crimea] by our army." Sybiha's remarks may relieve western officials who are skeptical about Ukraine's ability to reclaim the peninsula and worry that any attempt to do so militarily could lead President Vladimir Putin to escalate his war, possibly with nuclear weapons. To date Zelenskyy has ruled out peace talks until Russian forces leave all of Ukraine, including Crimea. Sybiha is a veteran diplomat who focuses on foreign policy in the president's office and has been at Zelenskyy's side at key moments in the war. He said the president and his aides were now talking specifically about Crimea, as Ukraine's army gets closer to launching its counteroffensive to regain territory. Rear Admiral Tim Woods, the British defense attaché in Washington, said on Wednesday that Crimea would need "a political solution because of just the concentration of force that is there and what it would mean for the Ukrainians to go in there". He added: "I don't think there's going to be a very quick military solution . . . hence we need to see what are favorable conditions for Ukraine to negotiate and I think Ukraine would be up for that." In the early days of the war, Ukraine was willing to negotiate with Moscow over the future of Crimea rather than insisting on regaining it militarily at all costs. But at present the only known contacts between Kyiv and Moscow are to negotiate prisoner of war exchanges and the return of children forcibly deported to Russia. Ukraine broke off the peace talks after the discovery of alleged Russian war crimes in the Kyiv suburb of Bucha, while Zelenskyy signed a decree declaring negotiations with Putin impossible after the Kremlin annexed four provinces in September. Ukraine's president has repeatedly made clear his ultimate goal of bringing all his country's land, including Crimea, under Kyiv's control. But in May last year he indicated Ukraine could consider a peace deal if Russian forces returned to positions in eastern Ukraine predating last year's invasion and suggested the issue of Crimea would be resolved later through diplomacy.

### [U.S. to boost Ukraine's air defenses with \\$2.6 billion weapons package](#)

#### [Pentagon Reviews Ammo Needs for Future Fights \(Politico\)](#)

The U.S. military is examining whether it needs to set aside more ammunition for use in possible future wars after seeing massive amounts of munitions expended in the Ukraine conflict, the Joint Chiefs vice chair says. Pressed about the potential for shortfalls in munitions as the U.S. continues arming Ukraine, Adm. Christopher Grady said previous conflicts show military planners "always underestimate how much we're going to shoot." As the military eyes a potential Chinese invasion of Taiwan in the next few years, Joint Chiefs Chair Gen. Mark Milley has ordered military commanders to reassess how much

ammunition, missiles and other munitions they need for their contingency plans, Grady said. The results will likely show that current requirements are not enough, he predicted. "I guarantee ... the work that comes back will be higher than what we have in our [operations] plans right now," Grady said Wednesday at a forum hosted by the Center for Strategic and International Studies. The Ukraine conflict has shown that the consumption rates of ammunition in a conventional war, even a relatively limited one, are "huge," Milley said Friday during an interview with Defense One. "Now, if you were to get into a great power war, if we were to get into a war, the United States and Russia, the United States and China, or on the Korean peninsula, which would be a regional war as well, the consumption rates would be huge," Milley said. "We're going back and we're reviewing all of our estimates, our logistic estimates, for all of the key ammunitions, munitions that are required for the various contingency plans," Milley added. Commanders have enough ammunition in inventory today, Milley stressed. But if the Defense Department decides more is needed for future fights, the defense industrial base will have to rapidly ramp up production. The Pentagon has already laid the groundwork for such an expansion. For the first time in this year's budget request, it asked Congress to fund multi-year purchases of missiles and munitions to help kick production into higher gear. Leveraging such contract vehicles would give industry a better sense of how much the Defense Department plans to buy, allowing large defense companies to negotiate bulk orders with their suppliers.

### [Lockheed eyes performance-based logistics deal for F-35 by end of 2023](#)

### [Chinese spy balloon gathered intelligence from sensitive U.S. military sites, despite U.S. efforts to block it \(NBC News\)](#)

The Chinese spy balloon that flew across the U.S. was able to gather intelligence from several sensitive American military sites, despite the Biden administration's efforts to block it from doing so, according to two current senior U.S. officials and one former senior administration official. China was able to control the balloon so it could make multiple passes over some of the sites (at times flying figure-eight formations) and transmit the information it collected back to Beijing in real time, the three officials said. The intelligence China collected was mostly from electronic signals, which can be picked up from weapons systems or include communications from base personnel, rather than images, the officials said. The three officials said China could have gathered much more intelligence from sensitive sites if not for the administration's efforts to move around potential targets and obscure the balloon's ability to pick up their electronic signals by stopping them from broadcasting or emitting signals. The Defense Department directed NBC News to comments senior officials made in February that the balloon had "limited additive value" for intelligence collection by the Chinese government "over and above what [China] is likely able to collect through things like satellites in low earth orbit." On Monday, a Defense Department spokesperson reiterated that any intelligence collected had "limited additive value" for China and said she could not confirm that the balloon had transmitted any information back to China in "real time." National Security Council spokesperson John Kirby declined to answer questions Monday afternoon about what kind of electronic signals

or communications the balloon could have accessed. “Knowing it was going to enter U.S. airspace we took action to limit the ability of this balloon to garner anything of additive or especially useful content,” said Kirby. “So again, I won’t get ahead of what we’re learning from this thing.” Montana Sen. Steve Daines, a Republican, said, “The administration’s explanation that the balloon had ‘limited additive value’ is little comfort to Montanans and the American people and weak spin on an issue the administration mishandled from start to finish.” Sen. Roger Wicker, R-Miss., ranking member of the Senate Armed Services Committee said, “We have consistently learned more from press reports about the Chinese surveillance balloon than we have from administration officials. ... I intend to hold this administration accountable.”

## Budget & Appropriations

### [As Air Force Tries to Retire Jets, HASC’s Wittman Wants a Gapfiller \(Defense One\)](#)

The U.S. must improve its forces “to deal with the threats from China,” replenish munitions, invest in energetics, and keep the Air Force’s secret under-development fighter jet on track, says Rep. Rob Wittman, chairman of the House Armed Services’s tactical air and land forces subcommittee. Wittman, a Republican who represents Virginia’s Tidewater region, previously served as ranking member of the HASC’s seapower and projection forces subcommittee. His new subcommittee oversees Air Force and Army weapons programs. The subcommittee’s primary goal is to modernize the Pentagon’s tactical air and land forces in a way that doesn’t “give up” capability and capacity, Wittman told Defense One in an interview. “I want to make sure that we are looking at ‘how do we transfer as quickly as possible capability that would go by the wayside as we retire platforms and at least get something in the interim while we’re modernizing platforms,’” he said. To fund its research-and-development-heavy budget, the Air Force is asking to retire more than 300 aircraft in fiscal 2024. Most of those cuts are “continuations from existing authorities” the Air Force has already received, but the service must re-request the approvals from lawmakers. While lawmakers agree that it’s time to give up A-10 Warthogs and F-15-C and -D fighters, Wittman said there must be a “tactical interim” capability that arrives before the Air Force’s Next Generation Air Dominance, or NGAD, jet can be ready. “The F-22s that they want to retire—specifically to pay for NGAD—I think there’s still utility left on those aircraft,” Wittman said. “We’re looking at what would you need to do to take that aircraft that’s constructed as a trainer but still be able to use its fifth-gen capability in a combat classification.” On munitions, the committee will look at replenishing stockpiles “in a smart way” and invest in weapons that will make a difference in the Pacific, such as the Joint Air-to-Surface Standoff Missile, or JASSM, and Long-Range Anti-Ship Missile, or LRASM, he said. “As we’re using down the stockpiles, this is a perfect time to modernize, especially for a lot of these weapons systems’ production lines that are actually out of production. I understand that we may need to produce some as an interim...but what a great opportunity now to modernize those platforms,” Wittman said. Wittman said he also wants to improve U.S. energetics—the propellants and explosives in all of the Pentagon’s weapons. It’s an issue that needs to be raised to a “level of importance within the

Secretary of Defense,” he said. “We have got to kick it into gear to modernize our energetics, because if we're going to be keeping up with the Chinese, range becomes an issue and lethality becomes an issue and we're getting out-sticked by the Chinese almost at every turn.” The subcommittee will also focus on keeping NGAD on track and ask the service how the pieces of its “family of systems” come together, Wittman said. The Air Force’s NGAD effort includes “collaborative combat aircraft,” or CCAs—drones to accompany the fighters into conflict. “I think there's some great opportunities here. We have partners like Australia that are already putting in place an unmanned platform that would be a perfect fit on CCA for NGAD—the loyal wingman program they're doing with Boeing,” he said. The Air Force is asking Congress for \$1.9 billion in 2024 for the NGAD program and \$500 million for collaborative combat aircraft.

### [CYBERCOM uses new budget authorities to lay claim to \\$6B in DOD spending plan](#)

#### [SALT Tax Break Gets Fresh Push From New York-Area Republicans \(Bloomberg\)](#)

New York Republicans, whose congressional ranks swelled in the last election, are reviving plans to expand the state-and-local tax break, picking up a piece of unfinished business from Democrats that has been resisted by most in their own party. The lawmakers — with the GOP in control of the House following November midterms in which the party flipped four New York seats in the chamber — are prioritizing the tax break, known as SALT, which has become a top political issue in the region. “We’re a large delegation now in New York, and we need to be heard,” Republican Representative Nicole Malliotakis, who represents Staten Island and a portion of southern Brooklyn, said in an interview this week. “This is the issue that we’ve decided to really put our flag down and say this is something we really need to do to provide some relief for middle class families.” Until now, SALT has primarily been an issue championed by Democrats as they attempted and failed multiple times to increase the deduction — which was capped at \$10,000 as part of former President Donald Trump’s tax law — while they had control of Congress and the White House. Republicans’ focus on SALT demonstrates how the issue cuts along largely regional rather than partisan lines: 12 of the 13 GOP House members who voted against Trump’s tax bill, which curbed the SALT deduction as a way to pay for other levy cuts, were from New York, New Jersey or California and largely cited changes to SALT as the reason for their opposition. This deduction is very popular in heavily taxed areas like New York and New Jersey where high local taxes, high property values and incomes above the national average mean that there are higher concentrations of residents with large SALT bills. In other lower-tax areas, like Florida or Tennessee, the average SALT bill is well under the \$10,000 cap, making it less of a political issue in those places. The provision, which allows taxpayers to deduct the amount they pay in state-and-local levies from their federal taxable income, only increased in importance among Republicans as the party has picked up suburban seats in places like New York and California. Malliotakis said she has proposed several options on how to increase the tax write-off. One idea is to double the

cap for married couples, meaning joint filers could claim up to \$20,000 in deductions. Another option is to increase the threshold or tie it to inflation. She has also proposed making the write-off unlimited for households earning less than \$400,000. Malliotakis said she's discussing those options with colleagues and plans to introduce a bill once there's consensus about what approach has enough support to pass the House. Any proposal would likely need the support of both Republicans and Democrats. Representative Michelle Steel, a Republican from southern California who sits on the Ways and Means Committee, is also among those pushing for a SALT expansion. The issue could get traction this year, but will likely have to wait until after Congress resolves a looming debt-ceiling crisis that will likely come to a head this summer.

### [Freedom Caucus and progressives lock arms — and that could be bad news for McCarthy](#)

#### [Veterans health accounting move a new headache for appropriators \(Roll Call\)](#)

On the surface, providing veterans the health care they need is one of the most bipartisan issues in Congress' appropriations process. Even in a year where Republicans are pursuing major spending cuts, appropriators have signaled that veterans funding will be protected. But a debate over how that funding should be provided, specifically relating to last year's law establishing new aid to veterans exposed to toxins while serving overseas, is emerging as an early flashpoint in the fiscal 2024 process. The Biden administration proposed a significant increase in the "Cost of War Toxic Exposures Fund," which was created in last year's law and is on the mandatory side of the ledger, in its fiscal 2024 budget request. The law allows veterans health care appropriations "associated with exposure to environmental hazards" above the fiscal 2021 level to go into the new fund, effectively absolving appropriators from having to find room for it among other priorities. Veterans Affairs Secretary Denis McDonough has said the toxic exposure-related funding, an increase to \$20.3 billion this year compared to \$5 billion appropriated in last year's omnibus, is the amount allowed under last year's law, which received wide bipartisan support. But Republican appropriators are pushing back against this request, with House Military Construction-VA Appropriations Chairman John Carter, R-Texas, calling the move "not credible" during a subcommittee hearing last week. "The administration is using veterans to increase spending not related to defense or other veterans programs, despite all of our serious problems with spending, inflation and the national debt," Carter said. "So we all want to care for veterans exposed to environmental toxins. Let's be honest about it, its costs and its approach, and be transparent about that approach." Democrats are defending the effort and see last year's toxic exposure law as part of wider efforts to ease the strain that the skyrocketing cost of veterans health care is putting on the discretionary budget. House Appropriations ranking member Rosa DeLauro, D-Conn., said Republicans who supported the toxic exposure law are now backing away from funding it. DeLauro said that Republicans could face pushback from veterans advocates, including television host Jon Stewart, who lobbied hard for last year's law, known as the Promise to Address

Comprehensive Toxics Act, or simply the PACT Act. Last year's toxic exposure law is expected to provide more than 3.5 million veterans easier access to health and disability benefits, making veterans with 23 conditions after being deployed to Iraq, Afghanistan and other combat zones eligible for VA benefits. The Congressional Budget Office estimated that the measure would cost nearly \$280 billion over a decade.

## Advanced Technologies

### [Google CEO Sundar Pichai Says Search to Include Chat AI \(WSJ\)](#)

Google plans to add conversational artificial-intelligence features to its flagship search engine, Chief Executive Officer Sundar Pichai said, as it deals with pressure from chatbots such as ChatGPT and wider business issues. Advances in AI would supercharge Google's ability to answer an array of search queries, Mr. Pichai said in an interview with The Wall Street Journal. He dismissed the notion that chatbots posed a threat to Google's search business, which accounts for more than half of revenue at parent Alphabet Inc. "The opportunity space, if anything, is bigger than before," Mr. Pichai, who also heads Alphabet, said in the interview Tuesday. Google has long been a leader in developing computer programs called large language models, or LLMs, which can process and respond to natural-language prompts with humanlike prose. But it hasn't yet used the technology to influence the way people use search—something Mr. Pichai said would change. "Will people be able to ask questions to Google and engage with LLMs in the context of search? Absolutely," Mr. Pichai said. With Microsoft Corp. already deploying the technology behind the ChatGPT system in its Bing search engine, Mr. Pichai is dealing with one of the biggest threats to Google's core business in years as he also faces investor pressure to cut costs. In January, Alphabet said it would eliminate about 12,000 jobs, or 6% of staff, its largest layoffs to date. Inflation and recession concerns have spurred other tech companies to cut back. Mr. Pichai said Google hasn't yet achieved a goal of becoming 20% more productive, a target he set in September. He said the company was comfortable with its pace of change, though he wouldn't directly address the prospects of another round of layoffs. Last week Google Chief Financial Officer Ruth Porat told employees to expect more spending cuts in areas ranging from dining facilities to the company's computing infrastructure, which is critical for developing and running powerful AI algorithms. Google has pushed forward with its AI efforts despite the cost cuts, accelerating work on new products following the breakout success of ChatGPT. Google has for years used AI systems to better understand complex queries, but the public release of ChatGPT in November by the Microsoft-backed startup OpenAI has sparked a race to integrate the technology into consumer products. Microsoft CEO Satya Nadella has taken direct aim at Google's dominant search engine, telling the Journal in February that "a new race is starting with a completely new platform technology." That month Microsoft infused the technology behind ChatGPT into its search engine Bing, long a distant laggard to Google search. The move allowed users to engage in extended conversations with the product. Microsoft said it expected to generate \$2 billion in revenue for every percentage point it gained in the search market, of which Google has a more than 90% share. Mr. Pichai's

latest comments indicate that Google plans to allow users to interact directly with the company's large language models through its search engine. That move could upend the traditional link-based experience that has been the norm for more than two decades. Google is testing several new search products, such as versions that allow users to ask follow-up questions to their original queries, Mr. Pichai said. The company said last month that it would begin "thoughtfully integrating LLMs into search in a deeper way," but until now hadn't detailed plans to offer conversational features.

### [China's New Tech Weapon: Dragging its Feet on Global Merger Approvals](#)

#### [US, France start formal talks to trade aircraft carrier tech \(Breaking Defense\)](#)

The US Navy has opened a foreign military sales case with its French counterpart to potentially facilitate the sale of two key advanced systems used onboard Ford-class aircraft carriers, according to the officer overseeing the American ships. The two systems are the electromagnetic aircraft launch system and the advanced arresting gear, both produced by General Atomics. EMALs and AAG are integral to getting planes off deck and back safely more frequently. That tempo, known as sortie generation rate, is one of the most important metrics for a carrier. "There is an active case for the French to potentially procure EMALS and AAG for their next aircraft carrier. That case is managed mostly by [Naval Air Systems Command]," Capt. Brian Metcalf, the program executive officer for aircraft carriers, said on Tuesday during the Sea Air Space exposition. "On my side of it, I help NAVAIR and the French Navy on the ship integration of that system. How will it get built into the aircraft carrier?" During EuroNaval 2022 in October the French unveiled its new nuclear-powered aircraft carrier, designed by France's Naval Group and dubbed the Porte Avion Nouvelle Génération, or PANG. The ship will be 82,673 tons, 1,017 feet long and 279 feet at the widest point of the carrier deck. A French Armed Forces official told Breaking Defense during the European show that the ship's design was made with interoperability with the United States in mind. Since France lacks a manufacturer capable of producing the catapults and arrestors used on Ford, it will be critical that they be US-made and sold through the foreign military sales process. That process, to the chagrin of many Pentagon officials past and present, is a long one and culminates with necessary green lights from the Defense Security Cooperation Agency, the Pentagon organization charged with overseeing foreign arms sales, the State Department and, of course, lawmakers. It's unlikely any of them would block a close ally, such as France, from receiving critical components for its carrier, but it doesn't mean the process can be short-circuited. In the meantime, Metcalf, the US Navy officer overseeing the Ford-class program, said French sailors will likely have opportunities to train onboard the American warship while the PANG takes shape. "We've got exchange programs that have officers and ... one of the topics of conversation recently was getting more French sailors some onboard experience on Ford. That'll happen probably as a natural progression of our allied relationship with that," said Metcalf.

## [Pentagon should experiment with AIs like ChatGPT – but don't trust them yet: DoD's ex-AI chiefs](#)

### [China, Russia propaganda wither as cameras multiply, US admiral says \(Defense News\)](#)

The proliferation of cameras now in use around the world makes it increasingly difficult for China and Russia to control the narrative in international disputes, according to a senior U.S. Navy intelligence official. Photographs and other documentation of run-ins between Chinese and Russian forces and those of other countries have proven critical to debunking propaganda, establishing factual timelines and holding Presidents Xi Jinping and Vladimir Putin to account, Rear Adm. Mike Studeman said April 5 at the Navy League's Sea-Air-Space conference in National Harbor, Maryland. Among recent examples, he said, was Russian harassment of a U.S. Air Force intelligence, surveillance and reconnaissance drone, which splashed into the Black Sea after an in-air collision in March. Footage captured by the MQ-9 Reaper — and quickly made public — showed two Russian Su-27 jets flying erratically, dumping fuel and the crash that ultimately forced it down. “The affected party or a monitoring party, essentially, now is able to take that and say, ‘This is what’s really going on. China, do you stand by it? Xi Jinping, do you stand by it? This is you, right?’” said Studeman, commander of the Office of Naval Intelligence. “There’s a statement: Sunlight is the best disinfectant. That applies right here.” Cameras have recorded alleged war crimes by Russian troops in Ukraine and intercepts of aircraft across the world. China conducted more than 100 intercepts of U.S. aircraft in international airspace between 2021 and 2023, according to the admiral’s presentation at the conference. Cameras, too, documented an attempted blinding by a Chinese ship of a Philippine coast guard crew in February. Luckily, Studeman said, the “Philippines and others are getting wise to this, and what they’re doing is they’re actually recording.” “Their best weapon system is not a gun, it’s not a missile,” he said. “Their best weapon system is actually a camera or video camera to be able to show the world what’s really happening.” Pentagon officials consider China and Russia premier national security threats. The U.S. military, as a result, spends countless hours monitoring their respective maneuvers, fortifications and investments. If bad-faith behavior is not exposed, it will continue to “thrive in the shadows, like a mushroom,” said Studeman, who previously served as the director of intelligence at U.S. Indo-Pacific Command.

## **Military Installations & Communities**

### [Elite troops died being sucked out of planes. Critics blame their parachutes \(Washington Post\)](#)

A Navy SEAL was killed in 2014, an Air Force commando went missing over the ocean in 2019 and an Army Green Beret will likely lose an arm in 2023. Each experienced a rare but catastrophic accident after their parachutes unexpectedly deployed when hit by wind gusts,

violently ripping them out aircraft doors and prompting lawsuits questioning the safety of their gear. All three were wearing the T-11 reserve parachute, which sits on a jumper's chest and is pulled if their main canopy fails. Critics argue that the parachute's fabric ripcord is more sensitive to strong winds than the 50-year-old rig with a metal ripcord that it replaced a decade ago. While the number of accidents is small, the consequences can be dire. The military knows of the concerns. Evaluators altered the parachute as recently as 2021 to prevent openings from wind blast. Still, critics say small changes haven't stopped the problems, and the product should be replaced. Army Staff Sgt. Brycen Erdody, a Green Beret medic, nearly died last year 1,250 feet over Fort Bragg, N.C., when his T-11 reserve opened after a wind gust came through an aircraft door. The parachute inflated and sucked him out, slamming him against the door frame, ripping off his helmet and partially severing his arm. An Army investigation cleared him of negligence in the accident. Erdody has undergone five surgeries since then. Erdody and his wife Cassidy filed a federal lawsuit Monday in the Eastern District of North Carolina against the T-11's manufacturer — Airborne Systems of North America — accusing the company of designing a faulty parachute and failing to warn service members about its issues. The danger is greatest for jumpmasters, experienced parachutists who lean out of planes to spot drop zones, a role most victims were performing at the time of their accidents. The complaint filed by Erdody's lawyers argues that the T-11 reserve was originally tested with safety pins installed, which provided more resistance and prevented accidental openings. Those pins aren't used in the rig given to troops, the complaint alleges, leading to deaths and, in Erdody's case, life-changing injuries. Victims of these accidents can't sue the Defense Department due to the Feres doctrine, which prevents service members injured on duty from collecting damages from the federal government. But Erdody's attorney, Natalie Khawam, is still hopeful the lawsuit against the manufacturer will put the military in the spotlight, too. It is the second time Airborne Systems has been sued over problems with its T-11 reserve parachute.

### [Military still mismanaging troops' traumatic brain injury care](#)

#### [Push is on to boost troops' housing allowance \(Roll Call\)](#)

Democrats in both chambers have been angling for several years to give military families more money to cover housing costs, and they are at it again — this time with some influential GOP support. Last year, Rep. Marilyn Strickland, D-Wash., and Sen. Raphael Warnock, D-Ga., filed bills that would require the Defense Department to pay 100 percent of troops' Basic Allowances for Housing, which cover the cost of commercial housing in the United States for the roughly two-thirds of the U.S. active-duty force that does not live in the military services' on-base quarters. The rate of reimbursement was 100 percent from roughly 2005 to 2015. But for most of the years since then, the Pentagon has paid 95 percent of the tab while military families have had to cover the other 5 percent. The fiscal 2015 NDAA (PL 113-291) authorized the reduced housing payments as a cost-saving measure. How much that allowance amounts to in any particular case hinges on the cost of housing in whatever part of the country a servicemember is stationed, plus his or her

rank and number of dependents. At a March 29 hearing of the House Armed Services Committee, Strickland questioned Defense Secretary Lloyd J. Austin III about whether he supports restoring the mandate to pay all 100 percent of a servicemember's housing costs. Austin said the matter is under review, and he expressed sympathy for Strickland's goal. But Congress may consider taking the matter into its own hands. This year, House Republican Don Bacon of Nebraska, a former Air Force officer and member of the Armed Services Committee, will co-sponsor Strickland's bill. Bacon's support could be key to swaying other Republicans to consider supporting the measure, including fiscal hawks who may blanch at the price tag. Armed Services Chairman Mike D. Rogers, R-Ala., has tapped Bacon to chair a forthcoming new Armed Services panel focusing on quality of life for military personnel. Covering 100 percent of the housing costs for U.S troops would cost the Defense Department \$1 billion a year, Pentagon officials have told lawmakers. That figure, while substantial, would occur in the context of a Defense Department that requested \$842 billion for fiscal 2024. The Strickland-Warnock legislation would require the higher housing allowance, but the \$1 billion would have to be appropriated for the bigger benefit to be realized. Austin has in the last two years boosted spending on housing allowances in parts of the country where home costs are highest. Now the department is reviewing whether to do away with the requirement that service members have to bear 5 percent of the housing costs — one of several military compensation issues being assessed.

### [Guardsmen, Reservists Would Get Expanded Parental Leave Under Senate Bill](#)

#### [A New Cash Benefit Will Expand to More Military Families This Summer, Pentagon Says \(Military.com\)](#)

More military families could soon be eligible to apply for a new monthly cash allowance meant to alleviate food insecurity as the Pentagon plans to expand the pool of those who qualify in July, Defense Secretary Lloyd Austin said late last month. The Basic Needs Allowance, or BNA, began this year and is currently only for service members who have dependents and whose gross household income fell below 130% of the federal poverty level for their family size and location. To qualify, their income must have fallen below the threshold in both the previous calendar year and annualized for the current year. The BNA amounts to however much will bring a family's income up to the 130% line. While families are to be notified by the Defense Department that they may qualify, the benefit is not automatically paid. Instead, they must apply to receive it. The fiscal 2023 National Defense Authorization Act raised the income threshold for eligibility to 150% of the federal poverty level, starting in 2024. Now the DoD plans to make that happen sooner, in July, Austin told members of the Senate Armed Services Committee on March 28. Inability to put enough food on the table, known as "food insecurity," affected 24% of active-duty troops within the year prior to a 2020 DoD survey. Sen. Kirsten Gillibrand, D-N.Y., a member of the committee, asked during the hearing whether the Pentagon also planned to stop factoring in troops' Basic Allowance for Housing, or BAH, when deciding whether they fall below the

BNA income cap. The DoD considers BAH to be part of troops' gross household income when determining whether a family is eligible for BNA, but it's not required to do so by law. Military family advocates have suggested removing BAH from the calculation, saying it's inherently inequitable because of how BAH rates vary by location and larger families still get the same BAH as smaller ones. Removing BAH from the BNA income calculation would theoretically help more families to become eligible while avoiding the same outcome of a past, failed program known as Family Subsistence Supplemental Allowance that proved less helpful to families than federal food stamps under the Supplemental Nutrition Assistance Program (SNAP). Austin pointed out that introducing the BNA hasn't been the only approach to raising families' incomes.

## Homeland Security

### [Congress Seeks Details on Spying Risks From Chinese Cargo Cranes \(WSJ\)](#)

Top lawmakers who oversee the Department of Homeland Security want to hold hearings and obtain access to classified and unclassified government documents that expose potential security vulnerabilities posed by dozens of Chinese-made cranes at American ports across the country. It is "extremely worrisome" that about 80% of American port cranes use Chinese software that is manufactured by a Chinese company, said House Committee on Homeland Security Chairman Mark Green (R., Tenn.) in a statement. "On behalf of the American people, this Committee is demanding answers on the risks these cranes pose to U.S. cybersecurity and the resilience of our critical infrastructure, which is a core aspect of the homeland security mission." The demand for more information follows a Wall Street Journal article on March 5 that detailed for the first time some of the security concerns posed by the large cranes, which are made by state-owned Shanghai Zhenhua Heavy Industries, or ZPMC, in China and are used in most American ports. ZPMC has ties to the People's Liberation Army, or PLA and, according to lawmakers, "participates in military-civil fusion." The cranes are equipped with Chinese-made software that could be used to surveil or manipulate port operations, U.S. officials said. No evidence has emerged that Beijing has used the cranes to conduct nefarious activity at any American ports, officials said. Chinese officials have dismissed the concerns as paranoia and an attempt to obstruct trade and economic cooperation with China. Representatives of ZPMC haven't responded to requests for comment. The Homeland Security Committee wants to hold public and potentially closed-door hearings on the matter by April 18, officials said. It also wants Homeland Security documentation pertaining to security vulnerabilities, as well as documentation that show the risk assessment and mitigation efforts that are in place as directed by Congress in 2021. Other documentation requested includes how the U.S. Coast Guard operates with ports to mitigate cybersecurity risks and more. U.S. maritime ports help facilitate \$5.4 trillion worth of commercial and military goods annually.

### [Sens. Thune and Warner: Our Bill Is the Best Way to Counter the TikTok](#)

## Threat

### [States seek tougher fentanyl penalties in replay of war on drugs \(Washington Post\)](#)

Randy Abbott seethed with anger after his 24-year-old daughter, Vanessa, died of an overdose at a North Carolina house party eight years ago. His idea of justice was “for everybody to go to jail forever.” But today, Abbott doesn’t believe that users who share lethal drugs should be prosecuted for the resulting deaths. In Vanessa’s case, that person was a childhood friend, herself in the throes of addiction. “She lives every day with the fact she lost her best friend,” Abbott said. His view is part of an emotional debate unfolding in state legislatures across the country, as lawmakers move to crack down on drug crimes in response to growing anger and fear over the toll of a drug crisis killing thousands every month. In North Carolina, one of at least a dozen states this year that have considered tougher drug penalties, the Senate recently passed a measure that would expand prosecutors’ ability to bring felony charges against anyone who gives a lethal dose of fentanyl. Prosecutors often support such measures, saying they are deterrents and hold to account people who sell illegal drugs, particularly fentanyl, the synthetic opioid that can be 50 times as strong as heroin and kills one person in the United States every seven minutes, on average. Critics such as Abbott argue that the harsh penalties don’t deter drug use, and unfairly punish people struggling with addiction who are often low-level dealers — harking back to the failed drug sentencing laws of the crack-cocaine era of the 1980s and 1990s. Still, the proposals are politically popular, including with some Democratic legislators who in recent years rolled back punitive state drug laws but are under pressure on rising crime and the unprecedented overdose epidemic. Many families who have lost loved ones to overdoses also support measures to increase penalties for crimes related to fentanyl. Fentanyl accounted for some 70,000 overdose deaths in 2021 alone — a toll greater than the American fatalities in the wars in Vietnam, Iraq and Afghanistan combined. Its role led Homeland Security Secretary Alejandro Mayorkas to describe it as the “single greatest challenge we face as a country.” The rash of state bills underscores the political urgency of a drug crisis that has grown more lethal and intractable over time — and perhaps, also, a sense of desperation on the part of legislators and law enforcement officials who have been unable to curb demand, or shut off the spigot of drugs to their communities.

### [Homeland Security head won't call immigration at border a crisis](#)

### [Decentralized Cryptocurrency Markets Threaten U.S. Security, Treasury Says \(WSJ\)](#)

The burgeoning decentralized cryptocurrency market threatens U.S. national security and needs greater oversight and enforcement against money-laundering, the U.S. Treasury Department said on Thursday. The warning, in a new Treasury report assessing the risk of

the so-called DeFi markets, lays the foundation for tougher regulations and punitive action by federal agencies. DeFi platforms enable crypto investors to transact with each other through software running online, without a central intermediary overseeing transactions. Without the intermediaries of traditional finance such as banks, regulators currently have little insight into DeFi transactions. Ransomware hackers, rogue states and other national security threats have seized upon the market's opaqueness to move money around the world without detection, facilitating the financing critical to their operations, the Treasury Department report said. "Illicit actors, including criminals, scammers, and North Korean cyber actors are using DeFi services in the process of laundering illicit funds," said Brian Nelson, Treasury's undersecretary for terrorism and financial intelligence. "Capturing the potential benefits associated with DeFi services requires addressing these risks." The report sketches out how the Treasury Department plans to bring the market under greater federal oversight, suggesting that platforms that fail to establish sufficient vetting policies risk enforcement action. The private sector should use the department's findings to inform their own risk mitigation strategies, the Treasury undersecretary said. Companies need to take clear steps, in line with regulations to counter money laundering, terror financing and sanctions-evasion, to prevent illicit actors from abusing DeFi services, Mr. Nelson said. Among its recommendations, the Treasury Department said the federal government needs to bolster its existing supervision and enforcement of the market by requiring platforms to adhere to the same anti-money-laundering rules that banks and other financial institutions must follow. Federal agencies also need to expand their regulatory powers to cover potential gaps in oversight of the markets, it said, and work with other governments to establish international standards.

## Transportation & Infrastructure

### [Biden administration announces \\$585 million for water infrastructure projects \(The Hill\)](#)

The Biden administration will put nearly \$600 million toward drought resilience and upgrades to water infrastructure, Interior Department officials announced Wednesday. The administration will disperse nearly \$585 million in funding from the Bipartisan Infrastructure Law to 83 water projects in 11 states, Deputy Interior Secretary Tommy Beaudreau said on a call with reporters. Every major river basin under the Bureau of Reclamation's (BOR) jurisdiction is represented in the projects selected, according to the Interior Department, with funding going to Arizona, California, Colorado, Idaho, Montana, North Dakota, New Mexico, Nevada, Oregon, South Dakota and Washington projects. The projects include those aimed at improving water treatment infrastructure for tribal nations, upgrading hydropower equipment and project buildings, and replacing aging components. The largest single award will go to California's Central Valley, set to receive \$65.9 million to modernize the Trinity River Fish Hatchery, where building infrastructure has remained in continuous use for six decades. This includes funds to replace corroded piping, upgrade the filtration system and install a Supervisory Control and Data Acquisition system. Beaudreau, speaking from the Imperial Dam on the California/Arizona border, presented the funds as part of ongoing efforts by the federal government to address the two-decade drought that

has taken a toll on the west in general and the states in the Colorado River Basin in particular. Infrastructure legislation passed under the Biden administration has put just under \$13 billion toward drought resilience and water infrastructure. This includes \$4.6 billion from the Inflation Reduction Act and \$8.3 billion from the Bipartisan Infrastructure Law for BOR projects, which the administration has collectively touted as the largest government investment in drought resilience in U.S. history. The Interior Department previously allocated \$240 million for water infrastructure upgrades through the Bipartisan Infrastructure Law for fiscal 2022.

### [Boeing to Boost Output of 737 Jets in Push for More Cash](#)

#### [As Runway Near-Misses Surge, Radar that Keeps Planes Apart is Aging and Unreliable \(Bloomberg\)](#)

A crucial safety system that's relied on to avoid potentially fatal collisions at major US airports is aging and plagued by outages that have left travelers unprotected for months at a time. At some airports, it hasn't ever been installed. The technology — which tracks vehicles on or near runways to alert controllers before impending crashes — often uses decades-old radar equipment for which spare parts are difficult to find, according to government data and the president of the union representing air-traffic controllers. Keeping track of ground traffic at airports is particularly important at a time when runway-safety incidents appear to be surging. This year, there have been at least eight incidents involving airliners that aviation regulators ranked as severe, or that prompted probes by US accident investigators. That's almost double the average for each full year since 2018. While none of those near collisions have been directly linked to an outage of Airport Surface Detection Equipment-Model X, or ASDE-X, gaps in service can leave the aviation system vulnerable. With no clear alternative available, advocates are pushing to add the system — which is highly effective when it's functioning well — to more landing strips after some of the most serious incidents happened at airports without the technology. Three people familiar with the runway safety systems said that they have suffered multiple failures in recent years. They asked not to be identified discussing malfunctions that aren't public. At Dallas-Fort Worth International in Texas, the third-busiest US airport by number of flights, the ASDE-X system was out of service for at least six days last May and June, according to one of the people. At Chicago O'Hare, an outage last July lasted as long as a week. At Los Angeles International, 39 separate failures meant that the system was unavailable for a total of 160 days from 2016 through 2018, according to an FAA report reviewed by Bloomberg. Together, the three airports processed more than 80 million travelers in 2021, according to FAA data. The FAA said in a statement it will keep ASDE-X and a similar runway safety system operating and has been seeking newer technologies. In March, the regulator invited officials to a safety summit, after which it called on the aviation industry to develop options that could either replace ASDE-X or add protections at new airports. The agency defended the system's overall reliability, saying it functions almost 99% of the time and that airports where it's located cover the majority of commercial flights. The FAA has taken multiple other measures, such as improved runway markings and training, to lower risks, it

said.

### [Richard Branson's Space Company Virgin Orbit Files for Bankruptcy](#)

#### [China's ports dominance undermines western aims to loosen trade ties \(Financial Times\)](#)

Ports in the rest of Asia will need significant investment to match the capacity of Chinese harbors, according to analysis that shows how western businesses could struggle to loosen ties with the world's largest exporter. US and European companies have signaled their intent to shift some of their manufacturing from China to India and countries in south-east Asia, amid rising geopolitical tensions between Washington and Beijing. However, shipping industry figures caution that other countries in the region will have to invest in ports infrastructure as well as manufacturing capacity to handle the mega-container ships that drive world trade. More than 80 per cent of goods are transported by ship, according to the UN. But data from research group Drewry shows that other Asian manufacturing hubs have a dearth of harbors able to accommodate the largest ships that have become essential for transporting goods from east to west. While China has 76 port terminals able to support large ships carrying more than 14,000 20ft containers, south and south-east Asian countries have just 31 between them. Large vessels make up about two-thirds of the shipping capacity for services between east Asia and Europe, according to data provider MDS Transmodal. The gap between Chinese ports and their rivals underlines how investment by Beijing has enabled China's dominance as the world's manufacturer-in-chief. The country invested at least \$40bn between 2016 and 2021 in coastal port infrastructure, according to Shenzhen-based Qianzhan Industrial Research Institute. The investment has meant the equivalent of 275mn 20ft containers could be handled at Chinese ports last year, up to 80 per cent more than the amount processed annually by all countries in south and south-east Asia combined, according to figures from data group Dynamar and the UN. Shipping groups have also acknowledged the industry faces challenges helping companies shift their supply chains away from China.

## **Biotechnology & Healthcare**

#### [Johnson & Johnson Reaches Deal for \\$8.9 Billion Talc Settlement \(NY Times\)](#)

Johnson & Johnson said on Tuesday that it had agreed to pay \$8.9 billion to tens of thousands of people who claimed the company's talcum powder products caused cancer, a proposal that lawyers for the plaintiffs called a "significant victory" in a legal fight that has lasted more than a decade. The proposed settlement would be paid out over 25 years through a subsidiary, which filed for bankruptcy to enable the \$8.9 billion trust, Johnson & Johnson said in a court filing. If a bankruptcy court approves it, the agreement will resolve all current and future claims involving Johnson & Johnson products that contain talc, such as baby powder, the company said. In a statement, a group of lawyers who represent

nearly 70,000 plaintiffs, including families of people who died of ovarian cancer and mesothelioma, described the deal as a “landmark” and a “significant victory for the tens of thousands of women suffering from gynecological cancers caused by J.&J.’s talc-based products.” For the deal to become final, the court would first have to accept a new bankruptcy filing by the Johnson & Johnson subsidiary, LTL Management, and the settlement itself; the company also needs to persuade enough claimants to support the settlement plan. Johnson & Johnson created LTL in 2021 in a maneuver to shield itself from the talc litigation, but an earlier bankruptcy filing by the unit was challenged by the plaintiffs and dismissed this year by a U.S. appeals court, which ruled that a bankruptcy wasn’t the right way to resolve the matter. If approved, the settlement would end a long-running legal drama that has weighed on Johnson & Johnson’s image. Its baby powder, although not a top seller, is one of the company’s most recognizable brands, and many of the plaintiffs claimed that the talc used in the product was contaminated with asbestos, a known carcinogen. LTL’s first bankruptcy filing had set aside \$2 billion for payouts to plaintiffs. With the new filing, Johnson & Johnson said it would set aside an additional \$6.9 billion to cover the payouts.

### [Bird Flu is Threatening Chickens. Why Farmers Don't Want a Vaccine](#)

#### [US antitrust regulator orders Illumina to unwind \\$8bn Grail deal \(Financial Times\)](#)

The Federal Trade Commission has ordered Illumina to divest cancer screening company Grail, arguing the \$8bn acquisition would damage competition in the US market for life-saving cancer tests. The decision reverses an earlier ruling by an administrative law judge in favor of the deal and marks the latest setback to the San Diego-based company’s efforts to diversify into the nascent market for multi-cancer early detection tests. The US antitrust regulator issued an opinion and order on Monday, which found Illumina’s decision to buy Grail, a company that it had initially spun out in 2016, would diminish innovation in the domestic market for the oncology tests while increasing prices and decreasing choice and quality of tests. It rejected Illumina’s claim that the acquisition would accelerate the rollout of Grail’s oncology tests and save lives, noting the company’s projections were “vague, self-serving, and unsupported”. “This is extremely concerning given the importance of swiftly developing effective and affordable tools to detect cancer early,” said the FTC in a statement. Illumina said it intends to file a petition for review promptly with a US Court of Appeals and will seek expedited treatment of the appeal. The FTC’s order to unwind the acquisition will be automatically stayed pending appeal, said the company. The ruling by the FTC follows a similar move by European regulators aimed at unpicking Illumina’s purchase of Grail. The world’s biggest gene sequencing company made a contentious decision to close its acquisition of Grail in August 2021 despite opposition from the European Commission and FTC. The commission is expected to fine Illumina up to 10 per cent of its annual turnover and issue a final divestment order shortly. In September, an administrative law judge sided with Illumina over the acquisition of Grail, which had argued the deal would not hurt competition. The FTC opinion and order on Monday override that ruling.

## [Privacy is at risk as HIPAA fails to keep pace with digital health](#)

### [Marburg virus outbreak: CDC issues alert as 2 countries in Africa battle deadly disease \(CBS News\)](#)

The Centers for Disease Control and Prevention warned doctors Thursday to be aware of two growing outbreaks of Marburg virus disease in Africa, and will begin reaching out to some arriving travelers to the U.S. to watch for symptoms of the Ebola-like viral hemorrhagic fever. This new CDC alert comes as cases have climbed in the wake of Equatorial Guinea and Tanzania declaring outbreaks of Marburg earlier this year. The outbreak is the first declared for each country, and ranks as among the largest on the continent in a decade. Marburg is a virus that can infect humans who come into contact with its animal host, a type of bats native to Africa. It can then be transmitted from an infected person to others through contact with blood or bodily fluids. Similar to its close relative Ebola, Marburg begins with common symptoms like fever and headaches before progressing to increasingly severe issues like diarrhea, "massive hemorrhaging" and organ failure. Around half of patients with identified cases die in outbreaks, on average, the World Health Organization estimates. "Currently, the risk of MVD [Marburg virus disease] in the United States is low; however, clinicians should be aware of the potential for imported cases. It is important to systematically assess patients for the possibility of viral hemorrhagic fevers," the CDC's alert urges. Authorities have warned that cases in Equatorial Guinea have been detected across a wide swath of the country with no known links between patients, suggesting that the virus is spreading undetected among people in the region. There are no direct flights from either country to the U.S. However, the CDC says it has begun sending text messages to arriving travelers who had been in Equatorial Guinea or Tanzania, urging them to contact authorities if they develop Marburg symptoms within 21 days after their trip. "Currently, no enhanced domestic travel measures are recommended, as the overall risk in the United States is considered low at this time," the CDC's alert says. The agency says it is also working with nongovernmental organizations in the areas with guidance echoing their Ebola recommendations for avoiding infections and screening workers after they return. The CDC has previously been updating its guidance for Ebola to include Marburg as well, in addition to stepping up its travel alert over the outbreak.

## **Climate & Development**

### [Exxon Quits Drilling in Brazil After Failing to Find Oil \(WSJ\)](#)

Exxon Mobil Corp. has abandoned a multibillion-dollar wager on finding oil in the deep waters off Brazil after a series of disappointing wells left it with nothing to show for more than five years of work, according to people familiar with the matter. After failing for the third time to find commercially viable amounts of crude there last year, the Texas oil giant

has shifted geologists and engineers from working on the offshore acreage it began snapping up with partners for \$4 billion in 2017 to other countries, including Guyana, Angola and Canada, these people said. Exxon hasn't put out tenders to drilling contractors for exploratory work there in the year since its last active rig contract expired in April 2022, analysts said, and it skipped Brazil's latest offshore auction in December. In December, Exxon Chief Executive Darren Woods pointed to Brazil as one of its major "growth opportunities" and part of its portfolio of low-cost supply developments, alongside Guyana, the Permian Basin of West Texas, and New Mexico, and exports of liquefied natural gas. Exxon's moves to dismantle its recent drilling campaign in Brazil mark a major setback in a country that it has promoted for years as a key source of growth. Exxon hasn't ruled out future projects in Brazil, people familiar with the matter said. Michelle Gray, a spokeswoman for Exxon, said the company is still engaged in Brazil and continues to pursue exploration activity in the country. Irving, Texas-based Exxon re-entered Brazil six years ago, with high hopes it could repeat the successes other drillers had in Brazil's offshore geological formations more than a decade ago. Brazil has become one of a dwindling number of places around the world where large oil companies still spend money to search for oil. Despite some companies' recent struggles to find oil there, Brazil is currently the hottest market for offshore drilling rigs, led by government-owned Petrobras. Exxon executives internally overestimated its chances of drilling successful wells in unproven areas, according to people familiar with the matter. Companies have struggled to interpret seismic images used in exploration off Brazil, which is difficult because of thick salt layers atop oil and natural gas reserves, and environmental regulations that have limited companies to using substandard equipment, they said. Exxon has said it plans to spend most of its annual capital budget of up to \$25 billion in the Americas this year, including in Brazil, a focus on the Western Hemisphere that reflects the company's priority to growing shareholder returns and cutting costly frontier-drilling projects.

### [OPEC+ Cut Won't Throttle Chinese Oil Demand](#)

#### [Biden offers \\$450M for clean energy projects at coal mines \(AP News\)](#)

President Joe Biden's administration is making \$450 million available for solar farms and other clean energy projects at the site of current or former coal mines, part of his efforts to combat climate change. As many as five projects nationwide will be funded through the 2021 infrastructure law, with at least two projects set aside for solar farms, the White House said Tuesday. The White House also said it will allow developers of clean energy projects to take advantage of billions of dollars in new bonuses being offered in addition to investment and production tax credits available through the 2022 Inflation Reduction Act. The bonuses will "incentivize more clean energy investment in energy communities, particularly coal communities," that have been hurt by a decade-plus decline in U.S. coal production, the White House said. The actions are among steps the Biden administration is taking as the Democratic president moves to convert the U.S. economy to renewable energy such as wind and solar power, while turning away from coal and other fossil fuels that produce planet-warming greenhouse gas emissions. Biden has set a goal to cut

greenhouse gas emissions in half by 2030 and achieve a net-zero emissions economy by 2050. The projects are modeled on a site Biden visited last summer, where a former coal-fired power plant in Massachusetts is shifting to offshore wind power. Biden highlighted the former Brayton Point power plant in Somerset, Massachusetts, calling it the embodiment of the transition to clean energy that he is seeking. But he has struggled to realize that goal in the first two years of his presidency. "It's very clear that ... the workers who powered the last century of industry and innovation can power the next one," said Energy Secretary Jennifer Granholm, whose agency will oversee the new grant program. Mining areas in Appalachia and other parts of the country have long had the infrastructure, workforce, expertise and "can-do attitude" to produce energy, Granholm told reporters on Monday. The new investments "can help them bring this new energy economy to life," she added. Treasury Secretary Janet Yellen said the bonuses will add new credits of up to 10% for clean energy production in struggling energy communities. Solar farm operators "can get an extra dime on the dollar for your investment in a new facility," she said Tuesday.

### [E.P.A. to Tighten Limits on Mercury and Other Pollutants From Power Plants](#)

#### [Texas leaders threaten wind and solar boom with legislative push \(Financial Times\)](#)

A renewable energy boom in Texas is under threat at the state legislature, as lawmakers take up new bills that would hobble wind and solar projects. Texas is well known as the top US state in oil and natural gas production. It has also become the leading state in wind power and is on track this year to surpass California with the largest solar capacity in the US. The renewable technologies were already proliferating before the US Congress passed the Inflation Reduction Act climate law last year, which with \$369bn in clean-energy subsidies promises to supercharge solar and wind development. The Republican-dominated state legislature is now debating bills that throw up new hurdles for wind and solar projects and guarantee fossil fuels' future as an energy source on the state power grid. "We have invested heavily in renewables, but now it's time to focus on dispatchable," Dan Patrick, the Texas lieutenant-governor spearheading the effort, said at a recent press conference, using a term commonly used to refer to fossil fuel power generation. One bill would impose new environmental permit requirements for renewable energy projects but not other types of power plants, evaluating factors such as encroachment on agricultural and wildlife lands. The measure would even require currently operating plants to apply for the permits. The proposed state permit regulations run counter to an important energy bill passed by the Republican-controlled US House of Representatives last week that would streamline federal permitting for big energy projects. The swift rise of renewable energy has drawn a backlash from many Texas Republicans who argue the rising share of intermittent wind and solar resources on the grid has made the state's energy system less reliable and is hurting the oil and gas sector. Another bill under debate in the biennial legislative session would lead Texas to spend more than \$10bn to back construction of 10 gigawatts of gas-fired power generating capacity, about 12 percent of the state's total

current grid capacity, that could be tapped when power demand peaks. The state would guarantee the plants an annual rate of return of around 10 percent. Governor Greg Abbott has said that he wants renewable projects excluded from any new state-backed economic incentive programmes, which have been critical to drawing big investors to the state, such as Elon Musk's Tesla and Samsung of South Korea.

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### Next Week's Hearings

**The House and Senate are in recess the week of April 14th.**

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