What the results of the US election mean for energy and climate

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December 9, 2020

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In our recent webinar What the 2020 US election results mean for utilities and energy policy (recording is available to E Source customers), we spoke with Kara Saul Rinaldi, founder of the AnnDyl Policy Group and one of the leading energy and climate policy experts in the US. We wanted to get her thoughts on the energy impacts and opportunities following the November election. Here are a few of the top takeaways:

Climate and energy will be a major focus for the Biden administration

Climate change is a top priority of the Biden-Harris transition team. In the first 100 days of the Biden administration, some key goals include:

- Rejoining the Paris Climate Accord
- Initiating a regulatory freeze and review
- Creating a cabinet-level, special presidential envoy for climate who will sit on the National Security Council (to be filled by John Kerry)
- Directing federal agencies to prioritize action on climate change
- Beginning to reverse the Trump administration's climate rollbacks and rescind related executive orders
- Filling the many staffing vacancies at key agencies, left open by the Trump administration
- Requesting agency budget increases to Obama administration levels or higher

Some longer-term administration goals include:

- Establishing US-wide goals to achieve 100% carbon-free electricity and reduce building emissions 50% by 2035
- Building 1.5 million new energy-efficient affordable homes and housing units
- Developing methane emissions standards and leak-detection requirements
- Establishing a technology-neutral Energy Efficiency and Clean Electricity Standard (EECES), which would essentially comprise combined national energy-efficiency resource and renewable

portfolio standards that would scale up best practices from state-level clean energy standards
- Creating a new Advanced Research Projects Agency on Climate (ARPA-C) to promote affordable, innovative technologies to help America achieve a 100% clean-energy target, including for zero net energy buildings and grid-scale storage
- Increasing and expanding grid-modernization initiatives
- Supporting efforts to adopt carbon pricing

Although many of these goals are ultimately dependent on a supportive Congress for success, they nonetheless present opportunities for innovative utilities that are focused on decarbonization, increased adoption of renewables, grid modernization, support for low-income customers, workforce development, and energy equity.

A divided Congress will pose challenges for major legislation

Control of the Senate will be decided by the upcoming Georgia runoff elections in January. If both Senate races go to Democratic candidates, the Senate would be split 50/50 between Democrats and Republicans, and vice president Kamala Harris would be able to cast a tie-breaking vote, giving Democrats a narrow majority. A more likely scenario, however, is that Republicans continue to maintain control of the Senate. In that case, Joe Biden would be the first president in 32 years to come into office without control of Congress, making it difficult to pass ambitious legislation without strong bipartisan support. If Republicans maintain Senate control, utilities should temper expectations about the passage of major legislative overhauls, carbon taxes, or sweeping spending packages in the vein of the American Recovery and Reinvestment Act of 2009 (ARRA)—at least until the mid-term election cycle in 2022.

The Biden administration has multiple avenues to effect change

Even under a divided Congress, the Biden administration can effect change through several key approaches. Here are some examples of the kinds of action the administration may take through executive orders, regulatory changes, or congressional legislation, and the expected timeline for such actions.

Executive orders: Immediate

- Rejoin the Paris Climate Accord
- Implement climate sanctions and tariffs
- Ban fossil-fuel exports
- Direct agencies to prioritize actions on climate change

Regulatory changes: 3 to 12 months

- Enact a Federal Reserve and US Securities and Exchange Commission regulation to restrict access to low-cost capital for the fossil-fuel industry and require public companies to disclose their climate risk
- Replace the Trump administration’s Affordable Clean Energy (ACE) rule, which replaced the Clean Power Plan
- Update the guidance for Property Assessed Clean Energy (PACE) financing
- Implement methane regulations through the Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Enable carbon pricing through the US Environmental Protection Agency’s Clean Air Act

Congressional legislation: Will need Senate approval

- Revoke industry-friendly fossil-fuel tax provisions
- Renew and expand tax credits for energy efficiency
- Make investments and appropriations for energy-grid infrastructure
- Implement carbon pricing
- Pass new legislation or reauthorize existing legislation

Want more information? All E Source members can access a full recording of our webinar, What the 2020 US election results mean for utilities and energy policy, for a deep dive on the above topics and more!

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