

Climate Policy Update

June 5, 2024

Good afternoon!

This is Akin's newsletter on climate change policy and regulatory developments, providing information on major climate policy headlines from the past week and forthcoming climate-related events and hearings:

National

- **[Granholm Calls on Utilities to Follow Vogtle Example and Build New Nuclear Plants](#)** (*EnergyWire*)

Energy Secretary Jennifer Granholm encouraged electric utilities to emulate Southern Co.'s example and construct new nuclear power reactors, touting the advancements made at the Vogtle power plant in Georgia. She emphasized the readiness of the Department of Energy's (DOE) Loan Programs Office to offer substantial clean energy financing to support such endeavors. The successful completion of Vogtle's two new units has reignited interest in building large reactors, with significant cost reductions and accelerated construction timelines anticipated based on lessons learned.

- **[Western Market that Could Boost Renewables Moves Forward](#)** (*EnergyWire*)

The West-Wide Governance Pathways Initiative, an outside advisory group voted to advance a plan for a single electricity market in Western states, which would enable greater sharing of renewable energy and potentially reduce consumer costs. The plan involves evolving the existing real-time market into the Extended Day Ahead Market (EDAM), allowing participants to trade power a day ahead and rely more on renewable energy. Nevada's largest utility announced its intention to join EDAM, supporting increased connectivity between different parts of the region for greater reliability during extreme weather events.

- **[Grid Tech Laggards Slow US Shift to Renewables](#)** (*EnergyWire*)

The United States is facing challenges in adopting grid-enhancing technologies, including sensors, software and advanced cables, which are crucial for managing surges in electricity demand and integrating renewable energy sources. The Biden administration is emphasizing the urgency of upgrading the grid to achieve its clean energy goals. However, the high upfront costs, reluctance from utilities and political factors are hindering the widespread adoption of these technologies. Despite these challenges, some states and companies are making strides in using grid-enhancing technologies to enhance the capacity and efficiency of the grid.

- **[States' Emerging Climate Dilemma: Data Centers](#)** (*ClimateWire*)

With the electrification and digitalization of the economy, states that are seeking large-scale investments from data centers—which provide a significant boost to tax revenues but also strain local grids—are facing concerns from climate groups. These groups are voicing opposition due to the use of fossil fuels to power the growth of data centers in the immediate term. In response to increasing opposition, data centers have emphasized that reducing emissions will depend on technology that is driven by data.

- **Data Centers May Use 9 Percent of US Electricity by 2030, Report Finds** (*EnergyWire*)

A recent report from the nonprofit Electric Power Research Institute suggests that U.S. data centers' power consumption could nearly double by 2030 due to the increasing use of artificial intelligence (AI). The report highlights the need for collaboration among data center owners, developers, utilities and government to ensure reliable power supply. To address the strain on the grid, the report recommends improving data center efficiency and advanced modeling for facility planning.

- **Majority of Americans Oppose EV Incentives — Poll** (*EnergyWire*)

The University of Chicago and AP-NORC Center for Public Affairs Research conducted a survey and found that a majority of Americans do not support incentives for purchasing electric vehicles (EVs) or expanding natural gas exports. Americans have concerns about switching to electric vehicles due to factors such as range anxiety, perceptions of charging availability and vehicle prices. Interestingly, while saving money on gasoline is a significant motivator for buying EVs, a large portion of U.S. adults are unaware of nearby public EV charging stations. Additionally, the survey showed that most Americans are not interested in purchasing Chinese EVs, even if they are cheaper than domestic models.

- **Emissions Plateau as Coal Retirements Slow** (*ClimateWire*)

The decline in coal-fired electricity is expected to level off in 2024, which presents a major obstacle to meeting America's climate goals. The slowdown in coal plant shutdowns is due to a surge in projected electricity demand and new ownership of plants in certain states. This shift in the energy landscape is caused by rising natural gas consumption, persistent oil demand and projections for increased electricity demand over the next five years.

- **Senate Energy Committee Advances FERC Nominees** (*PoliticoPro*)

The Senate Energy and Natural Resources Committee voted to advance three nominees for the Federal Energy Regulatory Commission, a move crucial for President Joe Biden's clean energy agenda. The nominees faced some scrutiny from lawmakers, particularly on issues related to climate change, new transmission line development and energy mix, but it appears all three have enough support to clear a vote in the full Senate.

- **Trump Eyes Cutting Interior, 'Environment Agencies'** (*PoliticoPro*)

Former President Donald Trump stated his intention to reduce the Interior Department and other environmental agencies if he were to return to the White House. He also criticized President Joe Biden's environmental policies, claiming that they hindered energy production in the country. Additionally, Trump expressed skepticism about climate change and mocked Biden's emphasis on it as an existential threat.

- **Bitcoin in the Permian? Data Centers Test Texas Grid.** *(EnergyWire)*

The Permian Basin, the nation's top oil-producing region, is experiencing an influx of bitcoin mining and data centers, placing significant strain on the Texas electrical grid. This surge in demand is expected to overshadow the traditional oil and gas industry's electricity usage in the region by 2030. Concerns about the grid's ability to accommodate this increasing demand, particularly in terms of adding new transmission lines, have prompted Texas legislators to commission a study on transmission and generation needs in the Permian.

- **Blackouts Could be Slashed if Texas Joins the US Grid — Study** *(EnergyWire)*

A recent study from the Massachusetts Institute of Technology suggests that connecting the Texas electric grid to the rest of the nation could prevent power outages during extreme weather and reduce carbon emissions. This proposal, supported by a bill sponsored by Rep. Greg Casar, aims to build transmission connections between Texas and neighboring electricity markets. However, there is opposition from Texas officials and the Electric Reliability Council of Texas due to concerns about costs and federal oversight.

- **Tightening Cap and Trade in California Will Help Climate, Group Says** *(ClimateWire)*

A recent report suggests that California's cap-and-trade program could be more effective in reducing greenhouse gas emissions by making it more expensive for businesses to obtain emissions permits. Changes to the program are being considered to help California achieve its ambitious climate goals, such as reducing the number of permits issued and scaling back a reserve pool that sells allowances only if prices reach a certain maximum at an auction. These changes aim to help California achieve a 48% reduction in greenhouse gas emissions by 2030 and become carbon-neutral by 2045.

- **New California Climate Bond Plans Diverge on Clean Energy Funding** *(ClimateWire)*

California legislators are currently working on formulating climate bond scenarios with different price ranges for the upcoming November ballot. There are varying priorities in clean energy funding between the Assembly and Senate, with the Assembly proposing higher spending in this area compared to the Senate. Both chambers are in the process of refining their proposals, with collaborative workgroup meetings underway to finalize the draft bond proposals.

- **California Adopts Program that Could Hinder Community Solar** *(EnergyWire)*

California regulators have given the green light to a community solar program, which has faced criticism for its perceived limitations in incentivizing new construction and supporting low-income customers. The program includes expanding an existing tariff for disadvantaged communities and adding language to allow pairing battery storage with solar projects; however, critics argue that merely expanding existing programs won't spur enough new development.

- **Vermont to Require Fossil-Fuel Companies to Pay for Climate Damage** *(New York Times)*

Vermont recently passed a pioneering law that holds fossil fuel companies accountable for the damages caused by climate change. This law allows the state to charge companies for the emissions they produced between 1995 and 2024 and use the funds for climate adaptation and resilience projects. The legislation received bipartisan support and will go into effect despite the governor's decision not to sign it.

- **Mexico has Big Clean Energy Plans. They Don't Include the US** (*EnergyWire*)

Claudia Sheinbaum, Mexico's newly elected President, plans to increase investment in renewable energy while limiting private sector involvement in the electricity market. She aims to prioritize state-owned companies like Pemex and reduce reliance on U.S. investment, potentially impacting the country's clean energy transition. This approach diverges from the current president's focus on boosting fossil fuel production, and experts are concerned that it may hinder Mexico's renewable energy goals.

- **US, Indo-Pacific Partners Holding Talks in Singapore on Clean Energy** (*Reuters*)

The U.S.-led Indo-Pacific Economic Framework is hosting a ministerial meeting in Singapore, with major companies joining a "Clean Economy" forum to promote infrastructure and climate investments in the region. This marks the first in-person session since the conclusion of negotiations for the Clean Economy and Fair Economy Agreements. Steps under each agreement will be outlined at the meeting, with additional announcements expected on a supply chain agreement.

- **UN: Climate Diplomacy Averted Worst Scenario, But More Action Needed** (*Voice of America*)

The United Nations (U.N.) is addressing global warming by discussing financial support for low-income countries dealing with climate change at the Bonn talks. The upcoming Conference of the Parties (COP29) summit aims to establish a new long-term goal for climate aid. There are ongoing discussions about financial pledges beyond 2025 and the distribution of funds, with some disagreements over contributions from emerging economies.

Check out below for key quotes, federal agency news and a look at the week ahead in congressional hearings and think tank events:

Quote of the Week

"While we debate whether red states or blue states should pay for energy and transmission infrastructure, China is rapidly building transmission and developing its own AI capabilities. 20 years ago, Chinese energy consumption was a fraction of US levels and not much higher than Germany. Today, China's primary energy and power consumption are larger than the US and Germany combined. For example, in 2022, China spent over \$165 billion on its electricity grids, while the US spent less than \$33 billion."

-*Electricity Customer Alliance Advisory Chair Tom Hassenboehler's testimony to the Subcommittee on Energy, Climate and Grid Security hearing titled "Powering AI: Examining America's Energy and Technology Future."* (**Tuesday, June 4**)

Congressional Hearings (June 3 – June 7, 2024)

Senate

Business Meeting to Consider Nominations to the Federal Energy Regulatory Commission

Energy and Natural Resources

House of Representatives

Powering AI: Examining America's Energy and Technology Future

Energy and Commerce

Tuesday, June 4, 10:00 AM ET

Riskier Business: How Climate is Already Challenging Insurance Markets

Budget

Wednesday, June 5, 10:00 AM ET

Tuesday, June 4, 10:00 AM ET

Oversight of the US Environmental Protection Agency

Oversight and Accountability

Wednesday, June 5, 9:00 AM ET

Federal Agency Climate News

Department of the Interior

Biden-Harris Administration Outlines Strategic Priorities to Strengthen the Nation's Response to Wildfire (June 3)

Funding and Comment Opportunities

FY2024 Vehicle Technologies Office Research & Development

Department of Energy

Close Date: June 24, 2024

Advanced Manufacturing and Recycling Program

Department of Energy

Close Date: June 24, 2024

Solar and Wind Interconnection for Future Transmission

Department of Energy

Close Date: June 28, 2024

Bipartisan Infrastructure Law (Bil) – Joint Office of Energy and Transportation: Communities Taking Charge Accelerator, Fiscal Year 2024

Department of Energy

Close Date: July 16, 2024

Concentrating Solar Flux to Heat and Power

Department of Energy

Close Date: August 8, 2024

Wholesale Electricity Market Studies and Engagements

Department of Energy

Close Date: August 22, 2024

D.C. Climate Events

Energy Leadership Conversation with Wael Sawan

Center for Strategic and International Studies

Tuesday, June 4, 9:00 AM ET

June Virtual Press Briefing: The Deepening Electricity Supply Crisis

U.S. Energy Association

Wednesday, June 5, 11:00 AM ET

Report Launch: Friendshoring the Lithium-Ion Battery Supply Chain

Center for Strategic and International Studies

Tuesday, June 11, 9:45 AM ET

Leadership Conversation with Dan Brouillette, President and CEO of the Edison Electric Institute

Center for Strategic and International Studies

Tuesday, June 11, 10:00 AM ET

International Minerals Diplomacy: A Fireside Conversation with Bob Wilt, CEO of Ma'aden

Center for Strategic and International Studies

Wednesday, June 12, 9:00 AM ET

For more information, please contact your regular Akin lawyer or advisor, or:

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