

The Potential Impact of John Podesta's Exit on the Energy Sector

There has been—appropriately—much attention given to the election and the impact it will have on control of the U.S. Senate. Given the possibility of a Republican-controlled Senate, we have also seen a flurry of analysis of what impact that change will have on various issues. But, in the energy and environment arena, there is an upcoming shift that will have a profound impact on the direction of public policy that is getting little attention: personnel changes at the White House.

John Podesta, senior counselor to the president, arrived at the White House in December 2013 with a broad portfolio that includes climate change policy. He has been a strong and well-respected voice inside the building for green policies and strong environmental regulation. But Podesta said when he came to the administration that he would only stay a year. That year is almost up and by all accounts he is planning to depart in the coming months—perhaps to head up the Hillary Clinton presidential campaign.

What will his departure mean for the environmental agenda and the energy sector in the final two years of the Obama Administration? This is a particularly important question because the Congress has struggled to pass any significant legislation in recent years. The fight for the Senate is high political drama, but regardless of which party ends up controlling the Senate, the margin will be small and the prospects for passing major legislation are limited. Instead, policy is being set by the Obama Administration through regulation.

Without the enthusiastic advocacy of John Podesta, will the administration's environmental agenda shift? The answer is no and yes. On the biggest environmental issue—the greenhouse gas limits on power plants—there will be no change. The president sees this as a legacy issue and his push forward on these rules is personal and determined. (This also means, incidentally, that he will veto any legislation that limits these rules.) The Podesta departure will not change the trajectory of that rule-making.

But for many second-tier issues, the Podesta departure will likely mean that the rules will move a little more slowly and be a little less aggressive. This could impact the ozone rule, for example, or result in a final rule on Waters of the United States that is less strict for business and agriculture. It could mean continued slippage of the Renewable Fuel Standard and possibly a less concentrated effort on methane regulation.

Control of Congress is important because it defines the terms of the public policy debates. But the regulatory agenda is the most likely avenue for real shifts that impact the energy community, and because of that, John Podesta's departure is one of the most relevant changes we will see this fall.

This document is intended to provide you with general information regarding the possible impact of personnel changes at the White House on the energy sector. The contents of this document are not intended to provide specific legal advice. If you have any questions about the contents of this document

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Elizabeth M. Gore

Policy Director

egore@bhfs.com

Washington, DC

T 202.872.5296