

Climate Policy Update

August 8, 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

[What Harris' pick of Tim Walz means for climate, energy](#) *(GreenWire)*

Vice President Kamala Harris has chosen Minnesota Governor Tim Walz as her running mate, which has delighted climate change activists. Governor Walz is praised for his environmental accomplishments and his progressive actions on climate, abortion rights and labor. His selection is seen as an effort to appeal to white, rural voters and to demonstrate a commitment to addressing climate change within the Democratic party.

[Walz's Minnesota record ties clean energy to economic growth](#) *(PoliticoPro)*

Minnesota Gov. Tim Walz could enhance the Democratic ticket by showcasing how climate action can drive economic growth. Walz has a track record of passing significant climate policies, such as mandating 100% clean electricity by 2040, while maintaining support from labor, industry and environmental groups. Despite criticism from Republicans, his approach ties climate progress to job creation and economic development, making him a compelling figure for climate-focused voters.

[Walz's next act: Climate law defender](#) *(Politico Power Switch)*

Minnesota Gov. Tim Walz, a proponent of clean energy reforms, has focused his two terms as governor on modernizing energy infrastructure and reducing permitting delays, which aligns closely with federal clean energy investments of the Biden-Harris administration. On the campaign trail, expect to see Walz connecting Minnesota's policies as a compelling roadmap for the goals of the Inflation Reduction Act and the Bipartisan Infrastructure Law.

[Some House Republicans warn against climate law repeal](#) *(PoliticoPro)*

Eighteen House Republicans urged their leadership not to repeal the clean energy tax credits in the IRA if the GOP gains control in Washington. This highlights a growing rift within the party between those wanting a complete repeal of the climate law and those whose districts benefit from clean energy investments. Spearheaded by Rep. Andrew Garbarino, the letter warns that repealing these credits would undermine private investments and halt ongoing developments, stressing the tangible benefits seen in their districts.

Red-State Republicans Say They'll Defend Biden-Era Green Jobs *(Bloomberg)*

The IRA and Bipartisan Infrastructure Law have spurred a wave of investment in clean energy technologies, with much of the funding going to red and swing states. Despite the political divide and uncertainty of the 2024 election, some Republican leaders in these states recognize the economic benefits and are committed to supporting the investments regardless of future political changes.

Republicans mull energy priorities for reconciliation *(E&E News)*

With the prospect of gaining the White House and control of Congress, some Republicans are planning early budget reconciliation moves for energy and environmental policies, particularly focusing on fossil fuel leasing and revising the Inflation Reduction Act (IRA). The plans reflect a broader strategy to promote energy abundance and reshape regulatory frameworks.

Drumbeat grows louder on Hill for looser hydrogen rules *(E&E News)*

A growing number of congressional Democrats are advocating for emissions carve-outs for the hydrogen industry, diverging from proposed Treasury Department guidelines. They argue that more lenient rules would support hydrogen projects and economic growth, while environmentalists warn these exceptions could undermine climate goals.

DOE rolls out \$2.2B for grid upgrades *(EnergyWire)*

The Department of Energy (DOE) awarded \$2.2 billion to eight electric transmission and microgrid projects across 18 states to strengthen the grid against extreme weather. The grants will add 1,000 miles of transmission lines and 50,000 megawatts of capacity to the grid, supporting President Biden's goal of achieving a zero-carbon emissions grid by 2035. The projects aim to connect offshore wind to the grid, support tribal energy needs and replace old power lines with advanced technologies.

Major grid plans needed for Gulf of Mexico wind farms, feds say *(EnergyWire)*

A recent report authored by the National Renewable Energy Laboratory identified critical gaps in research and planning for offshore wind transmission in Gulf of Mexico, including the lack of inclusion of offshore wind in long-term grid infrastructure plans. Collaboration among states, grid operators and other stakeholders is emphasized as essential for successful integration of offshore wind power into the Gulf Coast grid network.

EPA, red states tee up speedy DC Circuit fight over power plant rule *(ClimateWire)*

The Environmental Protection Agency (EPA) and opponents of the agency's power plant rule have agreed to an expedited briefing schedule, potentially leading to oral arguments by the end of the year. The rule aims to reduce carbon emissions from existing coal- and new gas-fired power plants through carbon capture and storage technology. The D.C. Circuit declined to stop the rule from taking effect, and the Biden administration has until August 19 to weigh in on the opponents' request to freeze the rule.

State and Local

California lawmakers negotiating sweeping package to speed up solar, wind energy *(CalMatters)*

California lawmakers are working on a legislative package to streamline the development of renewable energy projects, including solar and offshore wind, with the aim of modernizing the state's energy grid and meeting clean energy targets. The proposals include measures such as tax credits, a "one-stop shop" permitting

process, and a comprehensive environmental review to expedite approvals. The initiative, called the “California Made” package, seeks to balance the state’s ambitious renewable energy goals with efforts to reduce high electricity costs.

Offsets on fire *(Politico California Climate)*

The Park Fire in California, now the fourth largest in state history, has significantly impacted the state’s carbon offset program, burning through forests meant to store carbon for 100 years. This jeopardizes California’s climate goals as companies rely on these forests for carbon credits. Additionally, California is on track to add 10 gigawatts of new renewable power to its grid by year-end, a significant step toward its 2045 goal, per Energy Commission vice chair Siva Gunda. Despite this progress, the state needs to add 7-8 gigawatts annually for the next 20 years, but last year added less than 6 gigawatts, a record at the time.

California regulators offer options to manage gasoline’s decline — including state-owned refineries *(EnergyWire)*

California energy regulators have proposed several measures to manage gasoline prices amid the state’s shift away from fossil fuels, including expanding storage, tightening refinery regulations and possibly operating state-owned refineries. The report, part of a response to SBX 1-2, aims to address potential price spikes and ensure a stable fuel supply as the state phases out gas-powered vehicles by 2035. These recommendations will inform a broader transportation fuels transition plan due later this year, as California seeks to balance climate goals with affordable energy.

SoCal air regulators approve plan to phase out diesel at rail yards *(PoliticoPro)*

Southern California air quality regulators have approved a groundbreaking rule that mandates freight operators to phase out diesel locomotives and equipment at rail yards in order to combat pollution. The regulation aims to reduce nitrogen oxide emissions by up to 82.4% by 2037. The implementation of this rule will begin in 2027 and will require approval from the California Air Resources Board and the EPA. This action is part of broader efforts by the South Coast Air Quality Management District to tackle severe regional pollution, and it follows recent regulations concerning gas-powered heaters and commercial ovens.

How an under-the-radar battery battle will define New Yorkers’ energy bills *(PoliticoPro)*

New York’s grid operator is considering using a two-hour utility-scale battery, rather than a fossil fuel plant, to set costs for its energy markets, marking a significant shift toward cleaner energy. This proposal could spark legal disputes from fossil fuel plant owners and battery developers, who favor a four-hour battery for better reliability and cost competitiveness. The decision, part of a regular “demand curve reset,” impacts consumer costs and reflects New York’s climate goals, with final recommendations expected by the end of November.

International

DOE, Sweden ink deal to boost nuclear power *(EnergyWire)*

The DOE and Sweden signed a memorandum of understanding to enhance nuclear power cooperation, aiming to strengthen supply chains and support the green transition amid global competition with China. The agreement focuses on diversifying nuclear fuel supplies, advancing new reactor technologies and collaborating on next-generation reactors. This deal aligns with recent U.S. nuclear legislation and Sweden’s increased commitment to nuclear energy, reversing its previous phase-out strategy.

In major shift, China moves toward hard carbon targets (*ClimateWire*)

China has announced it will shift to measuring climate pollution using total carbon emissions goals, rather than energy consumption targets, starting in 2026. This change aims to align domestic policies with international commitments and is expected to lead to hard targets on emissions cuts in future climate pledges.

New leader picked for UN agency that will rule on deep-sea mining (*GreenWire*)

A Brazilian oceanographer, Leticia Reis de Carvalho, has been elected as the next head of the International Seabed Authority, becoming the first woman and scientist to lead the organization. Her election marks a pivotal leadership change that could bring increased scrutiny and potentially slow down deep-sea mining for valuable electric vehicle (EV) battery metals. Despite growing calls for a moratorium on deep-sea mining, Carvalho has taken a neutral stance, emphasizing the need for strong regulations to protect the marine environment while promoting transparency and independent science.

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

“Walz has made huge strides on climate pitching climate action as a way to make people’s everyday lives better, create good-paying green jobs, and invest in making communities stronger. That is a winning message, and one the Democratic ticket should put at the forefront of their agenda.”

-Sunrise Movement spokesperson Stevie O’Hanlon on Vice President Harris’ selection of Minnesota Governor Tim Walz as her running mate. ([GreenWire](#) – August 6, 2024)

Congressional Hearings (August 5 - 9, 2024)

Senate

No relevant hearings.

House of Representatives

No relevant hearings.

Federal Agency Climate News

Department of Energy

Biden-Harris Administration Announces Nearly \$85 Million to Accelerate Domestic Heat Pump Manufacturing (August 7)

Biden-Harris Administration Invests \$2.2 Billion in the Nation’s Grid to Protect Against Extreme Weather, Lower Costs, and Prepare for Growing Demand (August 6)

Notice of Intent: \$30 Million To Support Tribal Clean Energy Planning and Development (August 5)

Biden-Harris Administration Announces States to Receive \$190 Million to Improve Health, Safety, and

Department of Treasury

U.S. Department of the Treasury, Consumer Financial Protection Bureau, and Federal Trade Commission Announce Steps to Protect Residential Solar Consumers, Ensure Access to Credits (August 7)

U.S. Department of the Treasury Releases New Data on American Consumer Energy Savings Under Inflation Reduction Act (August 7)

The Inflation Reduction Act: Saving American Households Money While Reducing Climate Change and Air Pollution (August 7)

Lower Energy Costs in K-12 Public Schools Across America (August 5)

Department of Interior

Biden-Harris Administration Delivers \$105 Million from Investing in America Agenda for Water Conservation and Efficiency Projects (August 5)

Funding and Comment Opportunities

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

Geothermal Technologies Office Geothermal Resources' Value in Implementing Decarbonization (GTO GRID)

Department of Energy

Close Date: September 9, 2024

Bipartisan Infrastructure Law Enhanced Geothermal Systems (EGS) Pilot Demonstrations

Department of Energy

Close Date: September 25, 2024

Fiscal Year 2024 Solar Energy Supply Chain Incubator

Department of Energy

Close Date: October 7, 2024

Connected Communities 2.0: Innovations to Manage Growing Transportation, Building, and Industrial Loads to the Grid

Department of Energy

Close Date: October 10, 2024

Offshore Wind National and Regional Research and Development

Department of Energy

Close Date: November 7, 2024

Smart Manufacturing Technologies for Material and Process Innovation

Department of Energy

Close Date: November 18, 2024

D.C. Climate Events

Extreme Weather: The Existential Threat to Utilities

U.S. Energy Association

Wednesday, August 7, 11:00 AM ET

Bringing Climate and Health Together in Japanese and American Cities

The Wilson Center

Friday, August 16, 10:00 AM ET

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

Kenneth J. Markowitz

Stacey H. Mitchell

Christopher A. Treanor

Emily P. Mallen

akingump.com