

Biden Administration

Policy Outlook for the Energy Industry

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KEY OBSERVATIONS

President Joe Biden is expected to pursue an “all-of-government” approach to climate change. The incoming administration is expected to move as swiftly as possible on an agenda that modifies or reverses the policies of the Trump administration. Many of these changes were signaled in the Biden campaign’s Biden-Sanders Unity Task Force Recommendations, released last August, and other initiatives announced during the campaign.

With a strong focus on energy, climate, and environmental justice, this all-of-government approach is likely to have wide-ranging implications for the energy industry. We expect the following developments as the new administration begins:

- Climate and energy climate change initiatives may focus on the “art of the possible” with more regulatory than legislative wins in a Biden administration. However, regulations take longer than legislation, which means a slower process. A federal appeals court vacating the Environmental Protection Agency’s Affordable Clean Energy rule may make it easier for the Biden administration to establish new carbon regulations that can move beyond the Obama administration’s Clean Power Plan.
- A narrow majority in both the House and the Senate provides the Biden administration with opportunities and introduces complexity.
 - A split Senate with the vice president’s deciding vote could enhance chances for more sweeping legislation.
 - However, narrow Democrat margins in both the Senate and the House will be subject to swing votes that could cross the aisle on some legislation (e.g., Sen. Manchin-WV and Sen. Collins-ME).
- Rejoining the Paris Agreement will be a Day 1 action. There will also be a focus on demonstrating a renewed climate commitment before the next international meeting on climate change in November 2021.
- States will remain key players on climate and energy policy. States may accelerate renewable energy and climate policies, while the federal government will likely provide more support and active participation.
- Early action is likely to focus on oil and gas drilling and leasing, with expected action related to public lands early on to appease progressives, then move to a more cordial, bipartisan governing approach.
- It will take time to stand up a new administration and replace seats through the nomination process, limiting the ability for sweeping changes out of the gate. Once in place, energy and climate action will be a central philosophy across multiple cabinet and White House offices.

PRESIDENT BIDEN'S "BUILD BACK BETTER" PLAN

President Biden's "Build Back Better" plan lays out a broad vision for the United States. More specifically, the President campaigned to "put millions of Americans to work in good-paying jobs" while meeting four national challenges: building a stronger industrial and innovation base so the future is made in America; building sustainable infrastructure and clean energy; building a stronger, caring economy; and advancing racial equity across the board.

Key goals focusing on energy and environmental justice within the plan include:



Power Sector: Achieve carbon-free power sector by 2035. Carbon-free power may include nuclear energy and renewable energy resources.



Buildings: Cut the carbon footprint in buildings in half by 2035.



Auto Industry: Become the global leader in manufacturing electric vehicles.



Infrastructure: Rebuild and upgrade roads, bridges, green spaces, transit networks, rail, ports, water systems, electric grids, and make broadband accessible to all Americans.



Environmental Justice: Make environmental justice a key consideration when developing projects in communities.



Agriculture: Promote climate-smart agriculture, resilience, and conservation.



Innovation: Drive cost reductions in renewable energy and clean energy technologies (e.g., battery storage, negative emissions technology, next generation building materials, renewable hydrogen, and advanced nuclear).

POTENTIAL AREAS OF ACTION UNDER THE BIDEN ADMINISTRATION

The Biden administration is likely to leverage multiple executive actions, legislations, and regulations in an effort to translate campaign promises into tangible results. The following table highlights how the administration may pursue actions impacting the electric power, natural, and transportation sectors.

Energy-Related Sector	Executive Order/Action	Legislation	Regulation
Electric Power	<ul style="list-style-type: none"> Paris climate agreement re-entry* 	<ul style="list-style-type: none"> Infrastructure spending Federal net-zero greenhouse gas (GHG) targets* Federal energy efficiency and clean energy standard (100% clean power by 2035) Climate legislation and/or carbon tax* Technology research and development (R&D) funding Tax incentives for clean energy (perhaps including nuclear power) 	<ul style="list-style-type: none"> Environmental Protection Agency (EPA) enforcement Appliance and efficiency standards Electric vehicle infrastructure commitment Ozone, particulate matter limits Social cost of carbon Affordable Clean Energy rule replacement Order 1000, National Interest Electric Transmission Corridors re-examination
Natural Gas	<ul style="list-style-type: none"> Drilling on federal lands and in federal waters LNG exports? 		<ul style="list-style-type: none"> EPA enforcement GHG evaluation for pipelines Methane emissions National Environmental Policy Act rules rewrite* Waters of the United States rule*
Transportation		<ul style="list-style-type: none"> Infrastructure spending Environmental justice programs* 	<ul style="list-style-type: none"> Fuel economy standards California waiver R&D for alternative vehicle fuels Biofuel blending/renewable fuel standards

*Cross-sector application (power, gas, and transportation, among others)

Some actions may be combined or embedded in others. For example, an infrastructure bill may have environmental justice, research and development, tax incentives, and other provisions in it. Regulatory actions are also likely susceptible to litigation, which may complicate or delay implementation.

CONTACT US

This document represents a summary of a more robust report developed for utility and energy leaders. Please [contact us](#) for the full report or to discuss how ScottMadden may assist you to navigate changes in energy and climate policy.

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