

Climate Policy Update

Akin Gump
STRAUSS HAUER & FELD LLP

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Good evening!

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

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National

- [EPA Announces Initial Program Design of Greenhouse Gas Reduction Fund](#) (*Environmental Protection Agency*)
On February 14, the Environmental Protection Agency (EPA) released its initial guidance on the Inflation Reduction Act's (IRA) Greenhouse Gas Reduction Fund (GGRF) program. The EPA divvied up the funding into two pots, with a \$20 billion General and Low-Income Assistance Competition and a \$7 billion Zero-Emissions Technology Fund Competition. The EPA is expected to release the funding opportunity announcements in early summer 2023.
- [Treasury, Energy Release Guidance on Inflation Reduction Act Programs to Incentivize Investments in Underserved Communities, Hard-Hit Coal Communities](#) (*Department of Treasury*)
The departments of the Treasury and Energy (DOE), as well as the Internal Revenue Service (IRS), issued guidance on two IRA programs, including the Qualifying Advanced Energy Project Credit and the Low-Income Communities Bonus Credit Program. The first bout of funding for the Qualifying Advanced Project Credit—totaling \$4 billion—will begin on May 31, 2023. Further, the Low-Income Communities Bonus Credit Program will open in two phases throughout 2023.
- [FERC Approves Power Plant Rules to Fight Extreme Weather](#) (*E&E News*)
The Federal Energy Regulatory Commission (FERC) approved the North American Electric Reliability Corp.'s proposed reliability standards to "prevent deadly power outages like those that occurred during Winter Storm Uri." With unanimous approval from FERC, the rule requires U.S. generation owners to "prevent power plants from freezing and develop enhanced cold weather preparedness plans."

- **[Biden Gets Chance to Redefine World Bank Role](#)** (*Politico*)
With David Malpass's resignation as World Bank President, President Biden has the opportunity to select an appointee "who embraces the new goal of fundamentally overhauling the bank's work to focus more on climate and other global challenges." However, the Biden-Harris administration will have to navigate the World Bank's other leading shareholders—such as China—to focus the organization's efforts on climate efforts. This will prove difficult, particularly as the U.S. aims to balance its agenda with the priorities of "other countries that may fear a move away from the institutions core mandates of fighting poverty and funding economic development projects within national borders."
- **[Climate Reparations Are Not Going to be Helpful, U.S. Sen. Lindsey Graham Says](#)** (*CNBC*)
In a recent interview, Sen. Lindsey Graham (R-SC) argued that "paying climate reparations"—through environmental, social and governance (ESG) policies—will not combat the changing climate. Rather, the senator encouraged the development of lower-carbon technologies and high-emitting countries, like China and India, to contribute their fair share to slash global emissions.
- **[Manchin on EV Deal: 'Ford Has Serious Questions to Answer'](#)** (*E&E News*)
Sen. Joe Manchin (D-WV) has expressed concern that Ford's "plan to use Chinese technology in electric vehicle batteries" will exacerbate China's influence over U.S. supply chains. While Ford intends on building and owning the \$3.5 billion plant in Michigan, the company detailed that a Chinese company, Contemporary Amperex Technology, will be a "contractual service provider" and will not receive U.S. tax dollars as part of the deal.

Local

- **[EPA Chief Promises Results after Ohio Train Crash](#)** (*Politico*)
EPA Administrator Michael Regan committed to holding "rail carrier Norfolk Southern accountable for the trail derailment that spewed toxic chemicals in the air and forced thousands of Ohio and Pennsylvania residents from their homes." Specifically, Administrator Regan detailed that the Agency is conducting indoor testing to detect vinyl chloride and hydrogen chloride, as well as conducting air monitoring from ground sources.
- **[California Lawmakers Proposed \\$4.5 Billion Climate Bond](#)** (*Politico*)
A bipartisan group of California lawmakers is supporting a \$4.5 billion bond dedicated to climate and flood programs making its way on the 2024 ballot. The Climate Resiliency and Flood Protection Bond will "allocate \$3.5 billion to repair, expand, or replace levees, bypasses, and other state and local flood protection infrastructure; \$50 million to restoring the Delta; and \$500 million for multi-benefit flood management." Gov. Gavin Newsom (D-CA) previously expressed support for the bond to compensate for reductions in climate spending in his state budget.
- **[Governor Newsom Signs Order to Build Water Resilience Amid Climate-Driven Extreme Weather](#)** (*Governor Gavin Newsom*)
Gov. Newsom (D-CA) signed an executive order to bolster California's water supply from climate change and a prolonged drought. While the state recently saw its wettest three-week period in history, "drought conditions continue to have significant impacts on communities with vulnerable water supplies, agriculture, and the environment." Specifically, the executive order seeks to expand California's ability to capture storm runoff by supporting groundwater recharge projects. Moreover, it empowers the State Water Board to reassess reservoir release requirements and policies to increase water supply.
- **[Changes Needed to Save Second-Largest U.S. Reservoir, Experts Say](#)** (*The Washington Post*)
Lake Powell's water levels recently decreased to a record low, falling to "3,522 feet above sea level, which is the lowest seen since the structure was filled in the 1960s." The reservoir's low water levels are the result of the region's megadrought, overuse of water resources and an increasingly changing climate. Moreover, experts caution that if the reservoir dips below 3,490 feet, it may be unable to produce hydropower. Even worse, at 3,370 feet, Lake Powell will be considered a "dead pool," ultimately cutting states off of its water supply.

- **'They're Not Ready': Cities Scramble to Implement Climate Law** (*Energy News Network*)
As cities play an integral role in IRA implementation, local governments are facing challenges due to staffing shortages and COVID-19 fallout, ultimately hindering their ability to tap into federal funds. While the Biden administration and private sector partners seek to assist localities, “municipal leaders and experts say there is a significant risk that many cities could miss out on valuable benefits” they qualify for under the IRA.

International

- **World to Face Wars Over Food and Water Without Climate Action, EU Green Deal Chief Says** (*CNBC*)
European Commission Climate Chief Frans Timmermans cautioned that if climate change is not adequately addressed, society will be “fighting wars” over food and water supplies. Moreover, he argued that climate change “posed one of the greatest risks to security worldwide,” and detailed that endeavors to mitigate its impact should not be distracted by other geopolitical crises.
- **Rising Seas Risk Climate Migration on 'Biblical Scale', Says U.N. Chief** (*The Washington Post*)
In remarks before the Security Council, United Nations (U.N.) Secretary General Antonio Guterres cautioned that rising sea levels—exacerbated by climate change—may incite a mass migration among the “some 900 million people [living] in low-lying coastal areas.” Further, the Secretary General cited that “global sea levels have risen faster, on average, since the year 1900 than in any century in the past 3,000 years.”
- **World Risks Descending Into a Climate 'Doom Loop', Warn Thinktanks** (*The Guardian*)
A report from the Institute for Public Policy Research and the Chatham House concluded that merely addressing climate crisis impacts may divert attention and resources away from carbon emissions reduction efforts. The researchers noted the situation requires a “more honest acceptance by politicians of the great risks posed by the climate crisis,” as well fair implementation of climate policies.
- **Energy Agency Chief: “No Excuse” for High Methane Emissions** (*Associated Press*)
The International Energy Agency (IEA) criticized the fossil fuel industry for “doing too little to curb methane emissions and undermining global climate goals to limit warming.” Specifically, the IEA’s Methane Gas Tracker identified that the oil and gas industry can reduce 75 percent of its emissions from affordable and available technologies. The report additionally slammed energy companies for not providing \$100 billion for such technologies to address greenhouse gas emissions.
- **A Sudden Rush to Make Sustainable Aviation Fuel Mainstream** (*The New York Times*)
United Airlines—along with other companies—initiated a \$100 million venture capital fund to invest in sustainable aviation fuel (SAF). Moreover, Boeing recently announced its intention to double its use of SAF within 2023. These investments in SAF are the direct result of the aviation sector’s promises to slash greenhouse gas emissions. Ultimately, new climate obligations and policy incentives are catalyzing the industry’s efforts to scale up SAF production—particularly with the European Commission’s target to ensure 2 percent of jet fuel is made from sustainable sources by 2025 and the IRA’s SAF tax credits.

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

Quotes of the Week

“A giant leap forward for bringing clean energy to communities who are too often left behind, the Greenhouse Gas Reduction Fund is one of the concrete actions taken as a direct result of the Inflation Reduction Act to make access to reliable and clean solar power easier for millions of Americans. By investing in renewable energy, we’re revitalizing communities, creating jobs of the future, and delivering real help for the American people.”

– **Majority Leader Chuck Schumer (D-NY) reacting to the availability of Greenhouse Gas Reduction Funds** ([Environmental Protection Agency](#) – February 14)

“The consequences of all of this are unthinkable. Low-lying communities and entire countries could disappear forever.”

– **United Nations Secretary General Antonio Guterres discussing rising sea levels** ([The Washington Post](#) – February 15)

Upcoming Congressional Hearings (February 13 – February 17, 2023)

Senate

No relevant Senate hearings.

House of Representatives

No relevant House hearings.

Federal Agency Climate News

The White House

[Biden-Harris Administration Announces New Standards and Major Progress for a Made-in-America National Network of Electric Vehicle Chargers](#) (February 15)

Department of Interior

[Biden-Harris Administration Delivers \\$728 Million in Historic Investments to Address Western Drought, Improve Climate Resilience](#) (February 13)

Department of Energy

[DOE Announces \\$50 Million for Tribal Clean Energy Projects](#) (February 17)

[Biden-Harris Administration Announces Funding for Zero-Emission Medium- and Heavy-Duty Vehicle Corridors, Expansion of EV Charging in Underserved Communities](#) (February 15)

Environmental Protection Agency

[EPA Announces Initial Program Design of Greenhouse Gas Reduction Fund](#) (February 14)

Funding Opportunities

<p><u>Hydrogen Fuel Shot</u> Department of Energy Close Date: April 28, 2023</p> <p><u>Key Deployment Challenges for Offshore, Land-Based and Distributed Wind</u> Department of Energy Close Date: March 10, 2023</p> <p><u>Enhanced Geothermal Systems Pilot Program</u> Department of Energy Close Date: June 16, 2023</p> <p><u>Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program</u> Environmental Protection Agency Close Date: April 10, 2023</p>	<p><u>Energy Efficiency and Conservation Block Grant Program</u> Department of Energy Close Date: July 31, 2023</p> <p><u>Long-Duration Energy Storage Demonstrations</u> Department of Energy Close Date: March 3, 2023</p> <p><u>Resilient and Efficient Codes Implementation</u> Department of Energy Close Date: March 27, 2023</p> <p><u>Environmental Justice Government-to-Government Program</u> Environmental Protection Agency Close Date: April 10, 2023</p>
<p>Comment Opportunities</p>	
<p><u>Environment and Climate Justice Program</u> Environmental Protection Agency Close Date: March 17, 2023</p>	<p><u>Grants to Facilitate the Siting of Interstate Electricity Transmission Lines</u> Department of Energy Close Date: February 28, 2023</p>
<p>Upcoming Events</p>	
<p><u>Energy Outlook 2023</u> The Center for Strategic and International Studies Thursday, February 23, 10:00 AM EST</p> <p><u>Carbon, Climate, and Community: A 360 Approach to a Sustainable Future</u> CQ Roll Call and Fiscal Note Thursday, February 23, 11:00 AM EST</p>	<p><u>Greening Belt and Road Initiative Governance in Southeast Asia, Latin America, and Beyond</u> The Wilson Center Wednesday, February 22, 9:00 AM EST</p> <p><u>The Strategic Importance of the Middle East and North Africa: The Strengths and Limits of Oil and Gas Wealth, and the Challenge of Climate Change</u> The National Council on U.S.-Arab Relations Thursday, February 23, 10:00 AM EST</p>

[California Burning: Climate Change and America's Power Grid](#)

The Carnegie Endowment for International Peace

Thursday, February 23, 2:00 PM EST

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

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