

2022 Midterm Election Takeaways for the Energy Sector



House

Democrats maintain majority

Following the Georgia Senate run-off, Democrats gained one seat, though Kyrsten Sinema's (I-Ariz.) realignment as an Independent leaves Democrats with a 50-49 majority.

Republicans take majority

Razor-thin margin, potentially as small as 221-214.



Senate

Notable electoral trends

- Rise in split-ticket voting for statewide candidates resulted in unexpected outcomes.
- Republican candidates endorsed by former President Donald Trump fared worse than expected.
- Inflation and abortion were top voting issues per exit polls.

The 118th Congress

House of Representatives

	Republicans (Majority)	Democrats (Minority)
Leadership	Minority Leader Kevin McCarthy (Calif.) won the Republican nomination for Speaker, but narrow margins for that contest at the start of the 118th Congress could delay his formal election.	Hakeem Jeffries (N.Y.), Katherine Clark (Mass.) and Pete Aguilar (Calif.) are expected to ascend to the top three Democrat slots after Speaker Nancy Pelosi (Calif.), Majority Leader Steny Hoyer (Md.) and Whip Jim Clyburn (S.C.) step down.
Key Departures	Upton (Mich.), McKinley (W.Va.)	Rush (Ill.), Deutch (Fla.), DeFazio (Ore.)
Committee Leadership	Ways and Means contenders: Buchanan (Fla.), Smith (Mo.), Smith (Neb.) Energy and Commerce Committee, Energy Subcommittee contenders: Burgess (Texas), Latta (Ohio)	Transportation: likely Larsen (Wash.) Oversight contenders: Raskin (Md.), Connolly (Va.), Lynch (Maine) Energy and Commerce Committee, Energy Subcommittee contenders: Castor (Fla.), Peters (Calif.)
New Members to Watch	Zinke (Mont.), Nunn (Iowa), Hunt (Texas)	Peltola (Alaska)

Senate

	Democrats (Majority)	Republicans (Minority)
Leadership	No changes; Chuck Schumer (N.Y.) expected to remain Majority Leader	No changes; Mitch McConnell (Ky.) will remain Minority Leader
Key Departures	Leahy (Vt.)	Inhofe (Okla.), Burr (N.C.), Toomey (Pa.), Shelby (Ala.), Portman (Ohio)
Committee Leadership Changes	Appropriations: Murray (Wash.) Health, Education, Labor and Pensions (HELP): Sanders (Vt.)	Appropriations: Collins (Maine) Commerce: likely Cruz (Texas)
New Members to Watch	Welch (Vt.), Fetterman (Pa.)	Mullin (Okla.), Vance (Ohio)

Policy Issues to Watch

Lame Duck

Permitting Reform

- Industry supports permitting reform for both renewable and oil and gas energy projects, but political path forward is precarious.
- Sen. Joe Manchin (D-W.Va.) is attempting to tack legislation onto the year-end spending bill, but the contents of an agreement remain elusive.
- Controversial items in various packages include oil, gas and pipeline permitting reforms, including approval for the Mountain Valley pipeline, changes to National Environmental Policy Act (NEPA), transmission permitting updates and more.
- If not resolved before year-end, this could spill into the 118th Congress as an area for potential bipartisan cooperation, though politics are factionalized and regional, and reaching compromise may be impossible.

FY 2023 Funding

- Congress teetering between passing a year-end omnibus and a full-year continuing resolution that would maintain current funding levels.

118th Congress

Divided Government

- A divided Congress will slow or prevent legislative progress.
- Narrow margins mean power for individual members to slow progress and increasing influence of voting blocs like the Freedom Caucus.
- FY 2024 appropriations, Federal Aviation Administration (FAA) reauthorization, National Defense Authorization Act (NDAA), Farm Bill and debt ceiling will be the "must-pass" legislative opportunities in 2023.

Oversight Activity

- Oversight over Biden Administration energy and climate agenda, including that from the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA), will be a key focus as Republicans gain subpoena power in the House.
- Other oversight actions may examine Biden Administration oil and gas leasing and regulatory actions like the U.S. Environmental Protection Agency's (EPA) new methane rule.
- Oversight may extend beyond the executive branch and into the private sector to include environmental, social, and corporate governance (ESG), climate risk leaders (banks, insurance, etc.), CleanTech and beneficiaries of IRA spending and financing.

Bipartisan Opportunities

- Farm Bill will reauthorize U.S. Department of Agriculture (USDA) programs that are set to expire in 2023, as well as the potential for cooperation on climate-smart agriculture, carbon sequestration and soil health.
- Focus will continue on anti-China and competitiveness as well as the potential for cooperation on legislation focused on research and development, intellectual property protection and Committee on Foreign Investment in the United States (CFIUS).

FERC Nomination

- Federal Energy Regulatory Commission (FERC) Chairman Richard Glick may not be re-nominated because of opposition from Sen. Manchin, potentially leaving FERC in a 2-2 split indefinitely.

Looking Ahead to 2024...

- Buzz around Gov. Ron DeSantis as a Republican presidential candidate after landslide victory in Florida governor's race.
- Senate map considered unfavorable for Democrats. The 2024 class of senators was last elected in 2018, a "blue wave" year, and many seats Senate Democrats will need to defend could be "battlegrounds."