

What was surprising, and what was not, from Biden's clean energy proposals

By Ella Foley Gannon, Esq., and Neeraj Arora, Esq., Morgan, Lewis & Bockius LLP

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Addressing climate change was a central focus of the Biden-Harris campaign, so it was unsurprising that during his first days in office President Joseph Biden took actions to further firm up this commitment, including by creating a plan to meet the administration's ambitious goals. What is surprising is the breadth and specificity of these early actions.

In particular, the decarbonization policies are very detailed — it's not just benchmarks that the administration wants to meet, but a roadmap for how the United States will get there. During the Leaders' Summit on Climate, hosted by the Biden-Harris administration on April 22 and 23 in Washington, DC, Biden set aggressive goals for reducing greenhouse gas emissions in the United States.

On Day 1 of the summit, the president announced that the United States will aim to reduce GHG emissions by 50–52% of 2005 levels by 2030. The president's plan appears to rely upon many of the components of the administration's infrastructure plan (the American Jobs Plan) to achieve these reductions.

Much of the focus for reducing emissions will center on the transportation and power sectors, the top two contributors to GHG emissions. In the American Jobs Plan, which is largely focused on climate change related issues, Biden laid out a number of mechanisms for requiring reductions in emissions and incentivizing things like building new renewable energy projects and the manufacture and sale of electric vehicles.

Ambitious standards

While it is not surprising that the Biden administration is focused on clean energy policy, the sheer scale and scope of the proposals is surprising. Biden has called for the creation of a never-before-seen scale of renewable energy projects, including off-shore wind on both the east and west coasts of the United States; major infrastructure projects including roads, bridges, transmission lines and broadband services; as well as new and revitalized manufacturing plants.

That development will require an unprecedented level of investment both from the government and from private sector and is intended to create millions of good-paying, middle-class jobs. To spur this type of investment, Biden's plan focuses on extending and expanding tax credits for both production and investments.

These plans build upon the tax incentives which were successfully used during the Obama Administration to support the creation of solar and wind projects. The expansion of the credits to include things like energy storage, infrastructure for vehicle electrification, and green manufacturing may be a major contributor to the envisioned new green economy. The credits are being provided at a time when these technologies have in many cases already achieved, or surpassed, grid parity with other conventional resources.

Under President Biden's "all of government" approach to climate change, it is anticipated that projects found to be consistent with the carbon reduction goals will get expedited consideration during the necessary, but often cumbersome, permitting processes. Assuming approvals start coming at a faster pace, it is likely that investments in such projects will be further spurred. Also, Biden has made it clear that projects that are not consistent with his carbon reduction goals, such as the Keystone pipeline or those relying on new oil and gas leases on federal lands, will encounter resistance from the federal government. This is a somewhat surprising departure from the "all of the above" approach taken by the Obama administration with then-Vice President Biden.

Also on the investment front, the administration is including clean energy block grants which will be available to municipal, state, and tribal entities that are trying to improve the grid, increase use of renewable energy, and ensure that infrastructure and communities are climate resilient. It is anticipated that these grants may result in an infusion of cash to support climate adaptation programs, improve non-reliable grids, and shore up disaster relief projects, particularly in low- and moderate-income communities.

To ensure that the United States meets the goals, the Biden-Harris administration has announced a plan to establish, for the first time, a national clean energy standard. Biden proposes that the energy sector reach zero emissions by 2035 and the whole United States economy reach net zero carbon emissions by 2050.

Establishing such a requirement will require Congressional action, which at this time is uncertain as many view Biden's goals as an opening play. While the details as to how this standard will be enacted and implemented have not yet been fleshed out, even as a goal it is notable how ambitious these standards are.

Guidance from states

Fortunately, there are a number of places that the administration can look for guidance on how to establish and carry out energy standards as there are already a number of states that have developed their own renewable energy standards and goals.

Many of them have been carrying out these plans from nearly two decades. In fact, most of the contributions to the development of renewable energy in the past 20 years have occurred at the state level.

As of now, most states have an energy target between 10-45% renewables, and there are 14 states, as well as Washington, DC, Puerto Rico and the Virgin Islands, that have a target of 50% or higher. Each of these states serves as a type of incubator from which the administration and the legislation can extract important lessons.

How states measure and achieve those targets differs considerably, from how they define what constitutes renewable energy to which entities the requirements apply to specific incentives included in the programs. For most states, independent utilities are held to renewable portfolio standards (RPS), which requires investor owned utilities to derive at least a specified percentage of the electricity that they sell from specific renewable energy sources — although many are expanding to include publicly owned utilities, municipal suppliers and other entities.

Given that diversification of energy resources has been noted as a goal, the administration may consider approaches such as reserving certain credits for particular types of resources which are critical but may need additional support such as energy storage or offshore wind.

Moving the needle

President Biden has drawn a line in the sand by clearly stating that climate change will be a major focus of his administration. In his first 100 days in office, he set out aggressive goals and, in many ways, surprisingly detailed plans as to how the United States will tackle climate change.

His approach is both detailed and multipronged, using the power of the federal government's own energy purchasing to jumpstart the demand. The president has shown a willingness to utilize his executive authority to implement programs where possible and has articulated a directive to the administrative agencies to help push these goals forward under existing regulatory programs and through the development of new rules.

With these efforts, the needle may move a bit faster than if the new administration just tries to tackle this through legislation. It's going to be an exciting ride to see how this top priority for the administration plays out.

About the authors



Morgan, Lewis & Bockius LLP partners **Ella Foley Gannon** (L), deputy chair of the firm's global litigation practice, and **Neeraj Arora** (R), co-leader of the firm's global energy industry team, advise clients on a wide range of climate change issues. They can be reached at ella.gannon@morganlewis.com and neeraj.arora@morganlewis.com.

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