

Energy Policy and 2024

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05:00:00 AM EDT

PRO POINTS

- **Democratic priorities: President Joe Biden and Democrats are seeking to transition the U.S. off fossil fuels, expand clean energy generation and build a domestic manufacturing base, utilizing the incentives in Biden's premier climate law, the Inflation Reduction Act.**
- **Republican priorities: Former President Donald Trump staunchly opposes Biden's efforts, calling for increased oil and gas development and for gutting tax incentives for electric vehicles and throttling government support for wind power.** Republicans in Congress have taken a more nuanced view of IRA's incentives, signaling they could target some of them while leaving others in place.
- **What to watch: A Trump White House would almost certainly reverse Biden administration policies that have limited how much federal property is available for oil and gas production.** A Biden White House could introduce new criteria for approving new natural gas exports under a review it started in 2023.

HOW WE GOT HERE

The Biden administration has navigated a sometimes uneasy balance of seeding clean energy projects while limiting the growth of fossil fuel production on federal land and waters. But the Inflation Reduction Act that Biden signed into law in 2022 marks the largest-ever investment in climate and clean energy. Its lucrative tax credits span traditional clean energy sectors like solar and wind, but also incentivize the use of union labor and the expansion of U.S. manufacturing. Most of the projects and manufacturing facilities spurred by the law are landing in congressional districts represented by Republican lawmakers who did not support the law.

The majority of new clean energy private investments will be in red districts

Number of new clean energy projects announced since passage of the Inflation Reduction Act, by House of Representatives district party control



Note: Investment announcements with multiple project sites are counted as multiple projects. Data includes announcements through April 2024.

Source: E2

Jessie Blaeser/POLITICO

WHAT'S NEXT

Energy Price Fight

Republicans have hammered Democrats over gasoline prices, which remain higher than when the Biden administration took office, and will continue to do so in their quest to retake the White House and both houses of Congress. Republican candidates believe inflation is one of

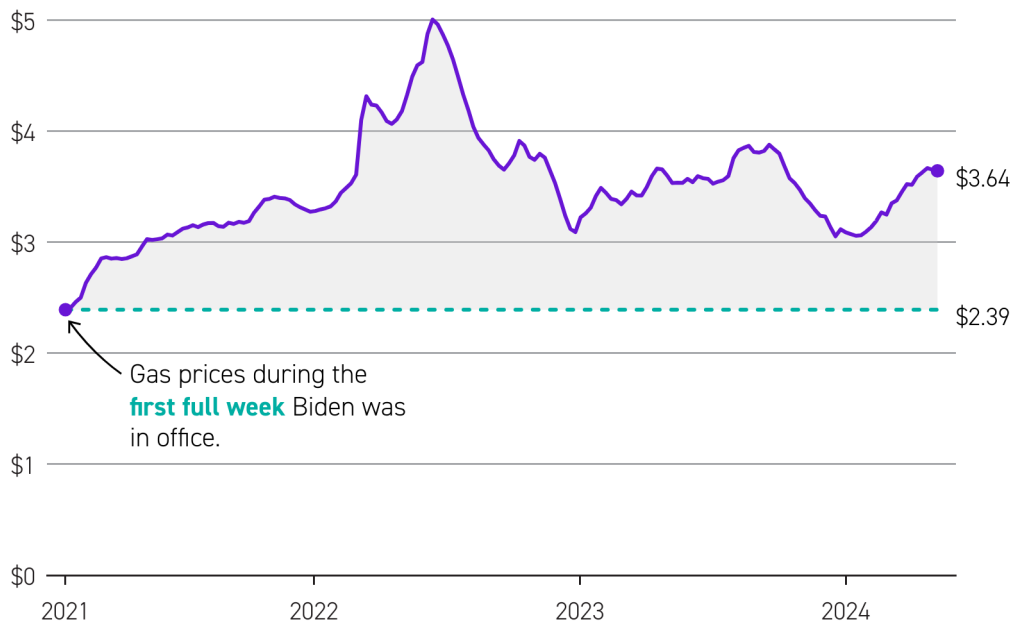
the most salient issues in this election, and gasoline prices – for a variety of reasons – are currently well above a dollar higher than they were when Biden took office.

– **Leaders:** Republican Sen. John Barrasso has criticized the Biden administration for its energy policies, arguing that prices are “significantly worse” under Biden.

– **Election prospects:** The oil industry remains wary of what a second Trump term would bring. Fears of Trump's promised tariff hikes and heightened trade tensions with some of the biggest foreign buyers of U. S. oil and gas could temper any benefits from Trump vocally championing the fossil fuel industry.

Gas prices are \$1.25 higher than when Biden took office

Weekly U.S. retail gas prices, dollars per gallon



Source: U.S. Energy Information Administration
Jessie Blaeser/POLITICO

Biden has been willing to point to oil companies as the reason gasoline prices remain high, accusing them of enjoying high profits during much of his time in office. This argument recently got a boost from allegations that the head of one of the top oil producers in the U.S. tried to collude with oil cartel OPEC to inflate energy prices.

Trump has also spent months deriding clean energy policies under Biden, with most of his focus dedicated to undoing support for electric vehicles and other green subsidies under the IRA. Trump would need Congress' help to repeal the law and Republican lawmakers have already

signaled a willingness to do so in the case of the EV tax credits. But the quantity of projects flowing to their districts, backed by the IRA, makes a wholesale repeal of the IRA a tricky vote for Republicans.

Energy Policy

– **Leaders:** Energy Secretary Jennifer Granholm has emerged as the central voice defending the Biden administration’s LNG export freeze.

– **Election prospects:** The pause on new LNG exports could be vulnerable to attacks in Pennsylvania, a swing state that has a large number of people working for the natural gas industry.

Energy Spending

POLITICO recently analyzed implementation of four of the Biden administration’s signature energy and infrastructure laws: the 2021 pandemic relief package; the bipartisan infrastructure law passed later that year; the 2022 CHIPS and Science Act; and the Inflation Reduction Act. The review found less than 17 percent of the \$1.1 trillion those laws provided for direct investments on climate, energy and infrastructure has been spent as of April.

– **Leaders:** White House climate adviser John Podesta is tasked with implementing the energy provisions under the laws. Treasury Secretary Janet Yellen similarly is overseeing the roll-out of crucial tax credit guidance under the IRA.

– **Election prospects:** Biden would use a second term to build on his clean energy policies and ensure that implementation of its signature laws are left in Democratic hands. But if Trump wins he could use executive powers to pare back or slow implementation of the IRA or energy policies, including slow walking lending for energy projects and rewriting tax guidance for the IRA.



POWER PLAYERS

- **Sen. John Barrasso:** With the Senate expected to flip hands in this election, the Wyoming Republican is vying to become his party's whip, potentially vaulting the fierce opponent of Biden's energy policy to the No. 2 role in the caucus.
- **Raul Grijalva, House Natural Resources ranking member:** While the Senate is expected to move to Republican control, Democrats have a decent chance of regaining the majority in the House if Biden wins a second term. Grijalva, a progressive Arizona Democrat, would likely impede any legislation coming from a GOP Senate meant to roll back Biden's clean energy policies.
- **John Podesta, White House climate advisor:** The Biden administration has repeatedly emphasized the transition to clean power as central to cutting emissions, but also to bringing jobs and economic development across the U.S. — making it a core tenet of Biden's reelection pitch. Podesta, who is charged with implementing the laws and combating climate change on a global stage, is key to the success of that effort.