

An Inside Look at the House Bill to Revolutionize U.S. Climate Strategy

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Key Points

- House Democrats have released draft text for the CLEAN Future Act, a comprehensive climate bill that aims to achieve net-zero greenhouse gas pollution throughout the United States by 2050 by directing federal agencies and states to oversee transformative changes to the country's energy, transportation and manufacturing sectors.
- The bill has encouraged House Republicans to pursue their own legislative proposal to address climate change, signaling a new era in climate-related regulation.
- While not likely to be enacted in its current form, the bill is the continuation of a longer term legislative play that began with the introduction of the Green New Deal in 2019. As future climate change legislation evolves from this bill, stakeholders should look to engage now with legislators on both sides of the aisle.

Overview

Nearly a year after the Green New Deal failed to gain traction in the Senate, House Democrats return with another climate proposal. On January 28, 2020, Rep. Frank Pallone Jr. (D-NJ), Chairman of the Energy and Commerce Committee, Rep. Paul Tonko (D-NY), Chairman of the Environment and Climate Change Subcommittee, and Rep. Bobby L. Rush (D-IL), Chairman of the Energy Subcommittee, released a draft version of the **Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act** (bill).

By targeting all levels of government and most major segments of the U.S. economy—energy, infrastructure, transportation, real estate, health care, manufacturing, finance and national security—the Energy and Commerce Committee's proposal aims to achieve a "100% clean economy" (i.e., net-zero greenhouse gas emissions) by 2050. As the Committee works to refine the bill over the coming months, it encourages all stakeholders to provide input. While this or similar legislation likely will not advance to enactment, stakeholders should view the draft as the opening bid for a longer-term legislative effort that will extend beyond 2020. Notably, House Energy and Commerce

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Committee Republicans quickly **responded**, calling the bill a partisan proposal and highlighting the bills introduced by their members that would benefit the environment. House Republicans also plan to introduce climate-related legislation of their own, beginning with a soon-to-be unveiled bill by Rep. Bruce Westerman (R-AR) proposing that the United States join a global initiative to plant one trillion trees by 2030. That bill reportedly will be included in House Republican Minority Leader Kevin McCarthy's (R-CA) attempt to coordinate a Republican proposal to address climate change by incentivizing carbon capture technologies, tree planting and clean-energy innovation funding. This proposal would be a significant change for Republicans, who previously were reluctant to propose legislative solutions for climate change.

Background

The United States currently does not have comprehensive federal legislation equipped to address the multifaceted, transboundary issues posed by climate change. Instead, the U.S. Environmental Protection Agency (EPA) has employed a piecemeal approach limited by the confines of existing federal law—including, primarily, the Clean Air Act—and a patchwork of court decisions. States, meanwhile, have implemented a variety of approaches to mitigate climate risk amidst the fragmented federal regime. Against this backdrop, the private sector is devoting increasing attention to combatting climate change through the adoption of internal carbon pricing, voluntary offset programs and sustainability principles, most frequently through implementation of environment, social and governance commitments, often referred to as “ESG” policies.

Shortly after taking office in 2017, President Trump announced his intention to withdraw the country from the United Nations Framework Convention on Climate Change Paris Agreement. Since then, his administration has dismantled significant rulemakings and walked back related Executive Orders that were intended to curb greenhouse gas emissions. These include the Corporate Average Fuel Economy standards, the Clean Power Plan, the Methane Waste Prevention Rule and the U.S. Department of the Interior's coal leasing moratorium, and other regulations setting emissions standards for power plants and manufacturing facilities, among others.

By 2019, a renewed political appetite and the Democrats' House majority led to the introduction of Rep. Alexandria Ocasio-Cortez's (D-NY) and Sen. Ed Markey's (D-MA) Green New Deal, a resolution proposing widespread climate-related reforms targeting the year 2050 for the United States to reach zero net-emissions. In light of the Green New Deal's failure to gain traction in the Senate, House Democrats pledged to offer additional comprehensive climate legislation, culminating in the CLEAN Future Act.

Key Provisions of the Bill

The bill would revise a number of federal statutes, grant significant regulatory oversight authority to EPA and other federal agencies over the implementation of the bill's provisions, and provide billions of dollars of funding. Principally, the bill would:

- Direct EPA and a new Clean Economy Federal Advisory Committee to recommend interim greenhouse gas emissions reduction goals to reach the 2050 clean energy goal.
- Require retail energy suppliers to participate in a clean energy credit trading program to provide increasing percentages of clean electricity beginning in 2022 and peaking in 2050.

- Order the Federal Energy Regulatory Commission (FERC) to consider climate change in decision-making.
- Require all public utilities to place transmission facilities under the control of independent system operators or regional transmission organizations.
- Establish national energy savings targets for model building energy codes and allow zero-energy-ready buildings by as early as 2030.
- Direct EPA to promulgate comprehensive greenhouse gas emissions standards for all vehicles, including required six percent minimum annual emissions reductions for all new passenger cars and light-duty trucks.
- Establish a federal “Buy Clean Program” aimed primarily at the steel and cement industries, which would require any federal dollars spent on certain infrastructure projects and imports to meet an independently verified “greenhouse gas emissions score.”
- Direct EPA to impose stringent emissions standards on the coal, oil, and gas industries, with targeted emissions reduction deadlines in 2025 and 2031.
- Tie federal funding to states’ compliance with climate plans that impose enforceable emissions limitations and other emissions control measures.
- Create a national climate bank to mobilize public and private financing to commercialize and deploy technology to reduce emissions.
- Authorize or reauthorize a number of grant programs associated with:
 - Electricity infrastructure improvements.
 - Remediation of former fossil fuel-generating sites.
 - Distributed energy systems.
 - Solar power.
 - The Weatherization Assistance Program.
 - Energy efficiency improvements in nonprofit and public buildings, schools and water and wastewater systems.
 - Infrastructure for delivering and expanding the use of alternative fuels.
 - Home energy savings rebates.
 - Advanced technology vehicles, including retrofits of heavy-duty refrigerated vehicles and school buses.
 - Large-scale projects to electrify the transportations sector, including ground-support equipment at ports and plug-in electric vehicle charging infrastructure.
 - The domestic manufacture of batteries, power electronics, and other technologies for use in plug-in electric vehicles.
 - Carbon capture technology.
 - State injection well permitting programs.
 - Smart manufacturing technology.
 - Small business procurement of cleaner construction materials.

- Environmental justice.
- Treating water sources contaminated by perfluoroalkyl and polyfluoroalkyl substances (PFAS).
- Natural gas distribution.
- State climate plans.
- Employment of people from underrepresented groups, veterans and former fossil-fuel sector workers.

Moving Forward

In advance of the 2020 elections that could change the political landscape, the bill's sponsors plan to solicit public input, hold hearings and host a series of roundtable events with stakeholders to further expand and refine the bill throughout the year. While these efforts continue, House Republicans will publish their own legislative proposal to address climate change, which was recently politically unthinkable. It remains to be seen which, if any, elements of the Democrats' bill and a future Republican bill might come to fruition, but we expect the climate conversation to continue well into the future, with ample opportunities to engage with policymakers on the horizon.

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