



## ABC's Weekly Federal Legislative Update March 22, 2021

### Introduction

Members of the Administration are working on a multi trillion dollar infrastructure package focused on helping the U.S. recover and move beyond COVID 19. The package will include priorities such as climate change mitigation, funding for classic infrastructure projects such as public transportation, and grid, pipeline and broadband infrastructure. Treasury Secretary Yellen and Federal Reserve Chair Powell testify on the hill this week about the economic policy response to COVID 19. President Biden and Vice President Harris are traveling across the U.S. promoting their COVID 19 relief package. The following is news from Washington, D.C.

### Administration

#### [USDA Considering Climate-Friendly Program Changes](#)

***The USDA has issued a notice for public comment on how climate smart policies can be applied throughout the agricultural economy. The comment period closes April 30.***

Marc Heller of [Greenwire](#) wrote on March 15, "The Agriculture Department is inviting suggestions on how to gear programs to climate change goals, including boosting biofuels and reducing the risk of wildfire through forestry practices.

"In a notice to be published in the *Federal Register* tomorrow, USDA poses several questions for public comment, in response to President Biden's Jan. 27 executive order on tackling global warming.

"The USDA notice reflects a conversation on climate in the new administration, embracing the term and putting a new twist on the agency's range of conservation and forestry programs. The department also said it wants ideas on how to make sure climate-smart policies are applied equally across racial groups, a nod to social justice priorities under Agriculture Secretary Tom Vilsack.

"The agency is taking comment until April 30.

"USDA is committed to addressing climate change through actions that are farmer, rancher, and forest landowner-focused and that create new market opportunities for the sector in a fair and equitable way," Vilsack said in a news release. "We want your ideas on how to position the agriculture and forestry sectors to be leaders on climate smart practices to mitigate climate change."

"The 17 questions hint at priorities Vilsack expressed through his confirmation process, including keeping programs voluntary for farmers and finding ways to make climate-oriented practices profitable. With roots in corn-heavy Iowa, he's also encouraged more use of biofuels and other bio-based products, which supporters say can be part of an emissions reduction strategy.

"Questions in the notice include: "How can USDA help support emerging markets for carbon and greenhouse gases where agriculture and forestry can supply carbon benefits?" and "How should USDA utilize programs, funding and financing capacities, and other authorities to encourage greater use of biofuels for transportation, sustainable bioproducts (including wood products), and renewable energy?"

"The questions on wildfire include how various USDA agencies can work more cohesively across programs to advance climate-smart forestry practices. The Trump administration, too, had sought to coordinate wildfire policy across agencies and departments, with a focus on more intensive forest management such as thinning and selective timber harvesting.

"The notice also comes on the heels of two congressional agriculture committee hearings on climate change. Those sessions focused on encouraging farmers to participate in carbon markets that could spur more sequestration, and on promoting conservation practices that boost soil health and production in addition to climate-change benefits.

"At the Senate Agriculture, Nutrition and Forestry Committee hearing last week, witnesses gave lawmakers a taste of what groups and farmers may tell USDA — including heightened awareness to the issue as farmers see more extreme weather events. During the Trump administration, the department promoted conservation but without the emphasis on human-induced climate change, which didn't match the president's political messaging.

"We are now in a stage of urgency requiring climate action that is both immediate and large in scope," said Cori Wittman Stitt, a farmer adviser for the Environmental Defense Fund, at the Senate hearing.

"An incentive-based approach is the most viable path to achieving widespread adoption of effective, but costly, climate-smart practices."

## **Congress**

## Transportation: House Democrats Weigh Big Investments in EVs and Climate

***Last week, the House Transportation and Infrastructure Committee held a hearing around climate driven infrastructure. H.R. 2, the massive infrastructure plan that was introduced during the 116<sup>th</sup> Congress was referenced. No new package has yet been introduced during the current Congress. One of the focuses of the hearing was EV infrastructure.***

On March 18, Nick Sobczyk of [E&E Daily](#) reported, "House Democrats laid the groundwork for significant investments in electric vehicles and green infrastructure during a Transportation and Infrastructure Committee hearing yesterday amid growing support for climate policy in the private sector.

"The climate is changing rapidly. Time is not on our side," said T&I Chairman Peter DeFazio (D-OR). "This committee intends to take bold steps again this Congress to support significant emissions reductions in the transportation sector."

"DeFazio and other Democrats called for investments in emerging transportation technologies, EVs and cleaner use of existing roads, citing the massive \$1.5 trillion infrastructure package, H.R. 2, they passed through the House last year as a model.

"DeFazio has said he wants the surface transportation reauthorization bill to be a bipartisan effort, with pay-fors dealt with via budget reconciliation, allowing sticky revenue proposals to bypass the Senate filibuster.

"The hearing offered little indication about those plans and few signs Democrats would be able to get around Republican opposition to the kind of sweeping change laid out in H.R. 2.

"But the private sector is increasingly moving in that direction without federal intervention. It's a mix of profit motive — as customers seek companies that are environmentally friendly — and response to shareholders increasingly concerned about climate change, Frederick Smith, chairman and CEO of FedEx Corp., told the panel.

"FedEx, which has an enormous fleet of vehicles and planes, pledged earlier this month to go carbon neutral by 2040 by investing in carbon sequestration to offset aircraft emissions and converting its parcel delivery fleet to electric vehicles.

"The operating cost of electric pickup and delivery vehicle like the new BrightDrop electric pickup and delivery vehicles that General Motors just introduced will have an operating cost of about 44% of what an internal combustion powered equivalent vehicle would be," Smith said, adding that acquisition costs are coming down, with cheaper batteries and more expansive charging infrastructure.

"Aviation, that's the most intractable problem because of the difficulty in scaling up sustainable aircraft fuels," he said.

"Electric vehicles, however, still have their own hurdles, said Shameek Konar, CEO of Pilot Flying J, the truck stop and travel center brand.

"At Pilot right now we have 58 charging stations, some of them in Arizona and in West Texas and Washington," Konar said. "And as we looked at the data from these charging stations, what we've been seeing is that our utilization rates at these charging stations are way less than 1%."

"Federal investment and incentives for electric vehicles could help overcome range anxiety and other factors that currently are holding back private investment in charging infrastructure, Konar said.

"But that kind of business support for federal investment did not appear to move the needle with Republicans, who largely warned against aggressive decarbonization policies and touted U.S. greenhouse gas emissions reductions.

Partisan friction

"At one point, Smith called for a border adjustment tax on imported goods with a high carbon footprint, alongside an adjustment on exported goods, but Representative Garret Graves (R-LA) said it would end up "making the U.S. economy less competitive."

"It'd need to be globally adopted, and I don't support that," Graves said.

"I don't agree with that," Smith responded.

"A border adjustment on carbon-intensive products, he said, could ultimately boost exports and help address the global nature of climate change by incentivizing other countries to "do the things we're doing."

"Still, the private sector has in many cases already exceeded emissions expectations, said Charles Hernick, vice president of policy and advocacy for Citizens for Responsible Energy Solutions.

"The free market was able to reduce carbon emissions, the electric power sector faster than the Obama Clean Power Plan," Hernick said in response to a question from Representative Brian Babin (R-Texas). "We should remember that for the transportation sector and assure that we're not drowning in red tape."

"To that end, GOP lawmakers were interested in reforms to environmental permitting, long a focal point in infrastructure and transportation policy, that could help to, among other things, build out the grid infrastructure that would be needed for a massive electrification of the transportation system.

"It's likely to be a sticking point down the road if surface transportation talks remain bipartisan. Graves said he wants to "make sure that we have a transportation bill with some clean energy solutions, not a climate change bill with transportation afterthoughts."

[Appropriations: Democrats Kick-Start Green Climate Fund Spending Fight](#)

***The following story discusses the continued to push to restore funding for the United Nations Green Climate Fund.***

E&E Daily reporter Nick Sobczyk published on March 18, "Democratic lawmakers are pushing to revive funding for the United Nations Green Climate Fund, renewing a yearslong partisan clash that began during the Obama administration.

"It's part of a plan offered this week by Senators Chris Murphy (D-CT) and Chris Van Hollen (D-MD) and Representatives David Cicilline (D-RI) and Ami Bera (D-CA) that would boost the nation's international affairs budget by \$12 billion.

"We wield the world's most powerful military, but China is gaining an upper hand in many parts of the world by leveraging its economic muscle and growing technological prowess," Van Hollen said in a statement. "Meanwhile, we are ill-equipped to meet the threats of climate change and pandemics."

"The lawmakers suggest a \$3 billion investment in fiscal 2022 for the Green Climate Fund, which offers climate mitigation and adaptation programs for developing nations.

"It follows years of lapsed U.S. involvement. President Obama pledged \$3 billion for the fund, contributing the first billion in \$500 million installments, but the Trump administration stopped paying in 2017.

"Congressional Republicans have also targeted the program for years with spending prohibitions, arguing the fund is a boondoggle and tying it to their opposition to the Paris climate agreement.

"House Democrats, meanwhile, attempted last year to include \$500 million for the fund in the State and Foreign Operations spending bill, but it was ultimately nixed in the year-end omnibus package.

"Democrats and the Biden administration are likely to revive the issue again this year, and \$3 billion would be an aggressive funding target, putting the United States over its original pledge.

"The lawmakers also suggest more funding for international disaster assistance and using the U.S. International Development Finance Corp. to boost green energy abroad."

[Energy and Commerce Climate Plan](#)

***The Energy and Commerce Committee hosted a hearing on the Climate Leadership and Environmental Action for Our Nation's (CLEAN) Act last week.***

Nick Sobczyk of [E&E Daily](#) wrote on March 19, "The Energy and Commerce Committee remains at odds on climate and energy transition policy, leaving a muddled path forward for the panel's sweeping climate bill.

"Republicans and Democrats largely talked past each other yesterday during an Environment and Climate Change Subcommittee hearing on the "Climate Leadership and Environmental Action for Our Nation's (CLEAN) Future Act," the \$500 billion climate and clean energy proposal introduced last month by full committee Chairman Frank Pallone (D-NJ).

"Republicans blasted the bill's major provisions, taking aim especially at claims about workforce development and a just transition away from fossil fuels. Given the 50-50 split in the Senate and the difficulty of bypassing the filibuster via budget reconciliation, the outlook remains uncertain.

"But Democrats said the legislation would create a coherent federal policy to help fossil fuel-reliant communities through the clean energy transition and strengthen domestic manufacturing.

"Addressing the needs of people and communities that may be disrupted by the energy transition, which is already underway, isn't going to be easy," subcommittee Chairman Paul Tonko (D-NY) said. "We should be honest about that, but our current course of action is to do very little in an uncoordinated manner."

"Tonko and several witnesses said provisions like the bill's "buy clean" program — which would aim to reduce emissions from materials used in federal projects — would ultimately boost the U.S. manufacturing base.

"Although Tonko said industrial climate policy should be an area ripe for bipartisanship, subcommittee ranking member David McKinley (R-W.Va.) said the "CLEAN Future Act" amounts to a proposal to "destroy the village in order to save it."

"We're going to destroy livelihoods, disrupt families, decimate communities, increase utility bills, threaten the stability of our grid, and we will still experience the negative effects of climate change since the rest of the world isn't following suit," McKinley said.

"McKinley pointed to the clean electricity standard, a major provision of the legislation that would require 80% clean energy in the power sector by 2030 and 100% by 2035.

"Is it reasonable to undertake this total transformation of our electric grid in less than 14 years, or even nine?" he asked. From the perspective of utilities, McKinley said, such a quick transition would "take a miracle."

“Other Republicans broke out well-worn talking points about China and the Green New Deal, with several emphasizing the role markets have played in lowering greenhouse gas emissions in the power sector.

"I'd argue that this is actually the tactical implementation plan for the Green New Deal," said Representative Bill Johnson (R-OH).

'Massive market mechanism'

“Environmental policy, however, is not what is causing disruption in coal country right now, said Representative Diana DeGette (D-Colo.). She and other Democrats said investments like the "CLEAN Future Act" would be needed in industrial and energy policy, regardless of government mandates.

"The disruption we're seeing in these communities is not necessarily as a result of environmental laws but of changing market forces, where natural gas, wind and solar energy are out-competing coal, even in the absence of a federal climate policy," DeGette said.

“And despite the GOP emphasis on the free market, the bill has provisions that would attempt to leverage private investment in clean energy and manufacturing, said Bob Perciasepe, president of the Center for Climate and Energy Solutions.

“The bill includes, for instance, a proposal to establish a federal Clean Energy and Sustainability Accelerator, a green bank authorized at \$100 billion that would finance clean energy, climate-resilient infrastructure and transportation.

"We've talked a lot at this hearing so far about market mechanisms versus command and control," Perciasepe told the panel. "Well, here is a massive market mechanism."

"Once the federal government makes this kind of significant commitment, which in today's dollars isn't a lot different than what we did in the moonshot, and we send that signal to the private sector ... it's going to leverage hundreds of billions of dollars of private investment," he added.

'Require bipartisan support'

“McKinley did offer some bipartisan outreach yesterday, however. The West Virginia Republican said he is planning to meet with Pallone about a separate clean electricity standard bill that he introduced late in the last Congress.

“The "Clean Energy Future Through Innovation Act," co-sponsored by Representative Kurt Schrader (D-OR), would fund carbon capture research and clean energy incentives for 10 years and subsequently enact a clean electricity standard that would aim for an 80% power-sector emissions reduction by 2050.

"Kurt and I both have a meeting this week with Frank Pallone to talk about how we might be able to do it," McKinley said during a virtual event with the Columbia University Center on Global Energy Policy yesterday.

"You can't pass this bill that he's talking about, the 'CLEAN Future Act,' through [reconciliation]," McKinley added. "It's going to require bipartisan support, and thus far, the way their bill was drafted, it has no bipartisan support."

"McKinley's bill has few other supporters right now, but he said he's talking to Republicans in the House and Senate about co-sponsoring it ahead of reintroduction this Congress.

"When they come to the realization their bill is not going to go anywhere, then they're going to pull back and we're going to have a solution that does meet those challenges," McKinley said.

## **Other**