

2024 Post-Election Analysis: Energy & Sustainability

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In the month since the presidential election, some things are starting to become clearer though many questions remain.

What Can Be Expected on Day 1

President-elect Donald Trump has made it clear that on Day 1 he plans to immediately reverse pauses on all liquefied natural gas (LNG) export permits to accelerate oil and gas production and “lower energy prices.” Trump will push for more oil drilling on federal land and we also expect that the administration and Congress to move quickly on revamping DOE’s role in LNG export licenses under the Natural Gas Act. Trump also repeatedly promised on his campaign trail to withdraw the US from the Paris Agreement on climate change once again, meaning the US would not have to abide by any “nationally determined contribution,” the non-binding 10-year national climate plan that the US is supposed to submit by a February 2025 deadline.

Trump’s next likely targets include [the recently finalized Environmental Protection Agency \(EPA\) methane fee](#) on November 12, 2024, which charges oil and gas companies that release too much methane. Since this rule was finalized in the past 60 legislative days, Congress will likely use the Congressional Review Act (CRA) to scrap the rule. Also likely to come under fire are [EPA’s finalized power plant regulations](#) from earlier this year, which require gas-fired power plants to eventually capture 90% of their carbon emissions or shut down within eight years. Additionally, Trump’s scrutiny may focus on the Department of Energy (DOE) Office of Energy Efficiency and Renewable Energy’s (EERE) energy efficiency standards, such as those for battery chargers, motors and fans, commercial refrigerators, residential boilers, and coolers — all of which have yet to be finalized. Since the budget has also not yet been finalized, Trump will likely seek to slim down the energy budget across the board, and he has scrutinized offices such as EERE or DOE’s Office of Energy Justice and Equity. However, the final word on appropriations will come from Congress.

What remains to be seen is Trump’s stance on offshore wind. Trump could prohibit the sale of future offshore leases while denying or intentionally delaying the review and approval of key federal permits for projects still in the planning phase, such as those awaiting clearance from the Bureau of Ocean Energy Management (BOEM). This dynamic occurred during the first Trump administration when industry backers accused BOEM of slow-walking offshore wind permits for the 806-megawatt Vineyard Farm in Massachusetts. Trump’s proposed universal 20% tariff could also slow down the supply chain for imported wind farm components, thereby negatively affecting the wind industry, which is already suffering from rising interest rates and supply-chain shortfalls driving up costs. Tariffs could have a similar impact on solar projects.

Congress

One of the most important determinants, though, will be the composition of Congress, where Republicans have a controlling majority in both House and Senate, giving them the opportunity to enact a broad agenda. Finalization of the House is still pending, but House Republicans will likely see a seven-seat majority, while in the Senate, they will have a 53-47 majority but fall below 60 seats to block a filibuster. With these relatively thin margins, Republicans cannot afford many defections.

In the Senate, **John Barrasso (R-WY)** will transition from current ranking member to chair of the Senate Energy and Natural Resources Committee. Sen. Barrasso has championed federal land deregulation, advocated for repealing the new EV tax credit, and scrutinized efficiency gains calculations from EVs. Meanwhile, **Senator Martin Heinrich (D-NM)** is expected to assume ranking member leadership following Senator Joe Manchin’s (I-WV) retirement. As a former mechanical engineer, Heinrich is known as a climate hawk with technical expertise and has fought for renewable energy, transmission upgrades, and EVs. On the Senate Environmental and Public Works Committee, current ranking member **Shelley Moore Capito (R-WV)** will become chair. Capito is an advocate for the coal industry, building out the natural gas

value chain, developing carbon capture technology, and regulating PFAS. In recent interviews, she said her priorities for the next Congress include streamlining permitting reviews through the National Environmental Policy Act and implementing the **ADVANCE Act**, which provides incentives for developing and deploying new nuclear technologies. **Sen. Sheldon Whitehouse (D-RI)** is expected to become ranking member following the retirement of Sen. Tom Carper (D-DE). Most recently at COP29 held in Azerbaijan, Whitehouse stated that his priorities heading into the next Congress are “Cracking down on methane leakage, decarbonizing our economy, and combatting sea level rise.”

In the House, it's yet to be seen who will take over the chairmanship of retiring Cathy McMorris Rodgers (R-WA) on the House Energy and Commerce Committee. **Reps. Bob Latta (R-OH)**, and **Brett Guthrie (R-KY)** are both vying for the position. Latta is an advocate for investing in domestic nuclear energy production, strengthening electric grid security, and streamlining the permitting process. Guthrie is a member of the Conservative Climate Caucus but has called for an “all-of-the-above energy approach,” including securing domestic critical minerals processing and stabilizing critical energy infrastructure as a foundation for continued AI development and innovation. Meanwhile, **Rep. Frank Pallone (D-NJ)** will remain as ranking member of the committee. Pallone has been a strong advocate for incentivizing clean and renewable energy such as solar and wind and will likely seek to prioritize initiatives that boost energy efficiency next Congress. On the House Committee on Natural Resources, current Rep. Raúl Grijalva (D-AZ) will not seek another term as ranking member, and he is likely to be replaced by **Jared Huffman (D-CA)**. Huffman is a vocal climate hawk known for sparring with Republicans and he is passionate about divesting from fossil fuels and tackling plastic pollution. **Rep. Bruce Westerman (R-AR)** will continue as Chair of the committee. He is a strong proponent of reducing regulations to support American energy dominance and lowering energy costs.

Agency Leadership

President-elect Trump has named **Chris Wright**, currently CEO of Liberty Energy, an energy services company headquartered in Denver, as his nominee for Secretary of Energy. Wright's announcement led many to view a video posted on LinkedIn, in which he pushed back hard against language about an “energy transition,” “clean energy,” “carbon pollution,” and a “climate crisis,” certainly in line with rhetoric from Trump and other Republicans. Wright's actual positions may be more nuanced, however, given Liberty's investment in Fervo, an advanced geothermal company, and Wright's position as a board member on Oklo, a small modular nuclear company. He has also expressed support for the federal government's role in energy research, which aligns directly with one of DOE's main missions.

Wright joins **Doug Burgum**, who has been named to lead the Department of the Interior, and who, like Wright, was formerly a CEO, which will provide valuable management skills and pro-business pragmatism to both positions. Burgum can be expected to boost oil and gas drilling and the extraction of coal and critical minerals. The pair will serve with former congressman **Lee Zeldin**, who was named as Administrator of the EPA, to round out the newly announced Energy Security Council, which Burgum will lead. Lee is expected to prioritize PFAS standards and rolling back wetland regulations. The three nominees are expected to move briskly through confirmation.

With Wright being named, speculation can turn to who will be named deputy secretary, which has typically gone to someone who has previously served within the department with significant knowledge of DOE's intricate programs. While Mark Menezes, former Under Secretary and Deputy Secretary, will no doubt be part of the conversation, more likely names will be Wells Griffith, Brian McCormack, or Steve Winberg, all of whom served at the assistant secretary or senior advisor level at the DOE under the previous Trump administration.

Also, of prime interest will be the administration's choice to lead the Loan Programs Office (LPO). While there have been statements made within the Trump circle about again trying to close the office, it's still not clear what the administration's position will be on the LPO. Wright's business background may be a good omen. The previous Trump administration attempted to zero out the LPO in the budget for all four years, but the organization's ability to get over \$37 billion in projects through conditional commitment, many of which are in Republican districts, may also mean that the LPO will continue, albeit with an emphasis more oriented to nuclear, geothermal, and other Republican priorities. It can be expected that Wright's background plus Elon Musk's network could all draw potentially strong candidates to replace Jigar Shah, LPO's current director. The LPO director is not a Senate-confirmed position, which means there is the possibility of having someone in the role relatively quickly, though full functioning of the office will take time for other political leadership to be brought on board. A six-month holding period would not be surprising.

For commissioner of the Federal Energy Regulatory Commission (FERC), Trump could pick either Republican Mark Christie, a former state regulator who has focused on keeping ratepayer costs down, or Lindsay See, who came to prominence as West Virginia's solicitor general and has positioned herself as a “state evangelist.” It's unclear what the current Chair, Willie Phillips, will do next. His term on the commission doesn't end until 2026, and if he decides to remain on the five-member panel, it could lock in Democrats' 3-2 majority into 2026. That could make a dramatic difference in the policy priorities the agency addresses, even if a Republican holds the gavel and sets the regulatory agenda for the nation's natural gas and electric power sectors that FERC oversees. If Phillips decides to retire early, a Republican replacement will create a 3-2 Republican majority and would likely shift the commission's priorities away from transmission policies and toward pushing through natural gas projects. Phillips has

so far declined to comment on what he'll do next.

Fate of the IRA

The full fate of the Inflation Reduction Act (IRA) remains uncertain. Although Trump has labeled the IRA as a “green new scam,” we pointed out in August that **the IRA’s heavy benefits for energy projects in Republican districts will make unraveling it politically difficult**. Close to 80% of IRA projects have been completed or are under construction in GOP districts. In August, 18 House Republicans wrote a **letter to Republican Speaker Mike Johnson (R-LA), urging him not to repeal or reform the IRA**, although they did not specify which parts of the law to protect. Co-chair of the bipartisan Climate Solutions Caucus, Rep. Andrew Garbarino (R-NY), was one of these letter signatories and recently stated he won’t back down from fighting for the IRA and that he’s confident Speaker Johnson will communicate Republican concerns about substantially reforming the IRA to Trump. Rep. Buddy Carter (R-GA) also emphasized needing “to take a scalpel, not a sledgehammer, to the IRA.” Other major industry players have also started urging GOP lawmakers to preserve elements of the IRA. For example, Exxon Mobil CEO Darren Woods said at the recent COP29 that “the IRA makes sense.”

This support does not, however, necessarily mean that funding from all remaining programs will be untouched. Trump has also been very vocal about eliminating the “EV mandate” a collection of measures, including the Section 30D \$7,500 credit for buyers of new clean vehicles, as well as vehicle mileage and emission standards that drive automakers to increase EV sales. This is despite the Alliance for Automotive Innovation’s letter to GOP lawmakers urging the preservation of all IRA EV tax credits. Tesla CEO Elon Musk confirmed he was in favor of eliminating the EV consumer tax credit, saying, “All government subsidies should end.” This would likely help Tesla preserve its current market advantage over other auto manufacturers.

In terms of the Clean Energy Production Tax Credit, 45Y, and the Clean Energy Investment Tax Credit, 48E, we do not anticipate a complete removal of these technology-neutral credits, but we could see a potential acceleration of the phaseout of those credits. Even then, we would not expect any such potential phaseout to impact projects that begin construction in 2024 or 2025. We have heard some speculation about using the Committee on Foreign Investment in the United States (CFIUS) to require existing projects to swap out Chinese-supplied PV panels or inverters for domestically supplied products. This, however, seems like it would be highly contentious and receive pushback from both congressional Republicans and project investors.

Then, there are several IRA tax credits that Trump may try to rewrite to better reflect Republican priorities. For the Clean Fuel Production Credit, 45Z, final guidance has not been issued. On November 18, 2024, the House Ways and Means Committee released a **request for information to relevant stakeholders regarding biofuel tax policy**. Specifically, Republicans stated they are looking to ensure that farmers have the flexibility to qualify for 45Z and that any foreign-sourced feedstock is banned from qualifying. Meanwhile, on November 20, 2024, Reps. John Moolenaar (R-MI) and Jared Golden (D-ME) introduced a CRA **resolution to overturn the Advanced Manufacturing Production Credit, 45X**, taking issue with the fact that the **Final Rule** did not contain a restriction on foreign entities of concern (such as China) claiming the credit. Because the rule was finalized in the past 60 legislative days, lawmakers could use the CRA to kill the rule using only a simple majority. However, if Congress kills the Final Rule, a successful CRA resolution bars any administration from issuing a “substantially similar” rule. Therefore, the Trump administration may instead opt to just rewrite 45X’s Final Rule to exclude foreign entities of concern, which is a process that takes months. For the Clean Hydrogen Tax Credit, 45V, the hydrogen industry is still awaiting final guidance, which Treasury will supposedly release before the end of the year. If the rules are finalized, Congress could trash the rules using the CRA if Trump dislikes the content or rewrite the rules to better favor “blue hydrogen,” which oil and gas companies endorse since it encompasses linked fuel production with carbon capture.

To minimize any risk of a program’s funding being pulled back or delayed, DOE has been working diligently to get as many companies as possible under award, which is generally an irrevocable point of budget obligation once selection announcements have been made. Press reports are that 70% of the funds will be committed by January 20, which still leaves potentially \$30 billion available for cuts for priorities such as extension of the 2017 Tax Cuts and Jobs Act (TCJA) benefits. Companies that have been selected, but that have not reached award, might consider congressional outreach to help influence decisions by the new administration. Applicants and potential awardees for approximately \$6 billion under Round 2 of the 48C program, which has an announced award date target of late January, certainly fit into this category.

The LPO has over \$246 billion in loan authority that probably exceeds what could be reasonably obligated to projects prior to expiration starting in 2026. That would be a relatively painless cut to make. Like the rest of DOE, the LPO is working to close 15 applications that have received conditional commitment, totaling approximately \$25 billion, before the Trump administration takes over. Even if successful, the LPO has over \$300 billion in loans in various stages of application. For instance, at least six of the LPO’s EV-related loans still have only conditional approval. The fate of those applications in the new Trump administration is unclear.

Permitting Reform

Reform of the current regulations for energy project permitting is one of several issues on which Republicans and Democrats align strongly. With the US entering a new era of electrical infrastructure buildout, more wind, solar, and conventional generation will be essential to meet AI-driven energy needs. Congress will need to work together to figure out transmission options to get that power to consumers and businesses while also reducing US dependency on China for critical minerals.

Prior to the election, the [Barrasso-Manchin permitting bill](#) was seen as the best opportunity for reform in this Congress. The bill proposes setting definitive timelines for federal agencies to process permits, introduces a 150-day statute of limitations for legal challenges against energy projects, mandates the Department of the Interior to increase leasing for a diverse energy portfolio, and addresses barriers to transmission development. If this bill fails to pass during the lame-duck session of the 118th Congress, Republican lawmakers are considering using the budget reconciliation process next year to change federal permitting laws for energy projects. Democrats have expressed skepticism on whether this is feasible, pointing to the Byrd Rule, which limits provisions deemed as not directly related to the budget. However, House Natural Resources Chair Rep. Bruce Westerman (R-AK) and other Republicans argue that the Inflation Reduction Act was passed via reconciliation, disregarding the Byrd Rule. If Republicans make sweeping permitting reform, Democrats have stated concerns regarding how pulling back environmental reviews could negatively impact marginalized communities.

Areas of Bipartisan Support

In addition to permitting reform, there are several energy-related issues that both Republicans and Democrats can support moving forward. As we cited back in August, this includes the deployment of small modular nuclear reactors through direct financing or backstops and potential additional licensing reforms, building off of the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act, signed into law on July 9, 2024. This bipartisan initiative aims to bolster the development and deployment of advanced nuclear reactors by reducing regulatory hurdles and expediting licensing procedures.

Bipartisan support for geothermal will continue to pick up. The Biden administration sought to facilitate geothermal drilling in October 2024 when [the Interior Department and BLM approved 14 geothermal developments](#). On November 14, 2024, the House passed Rep. Young Kim's (R-CA) Harnessing Energy at Thermal Sources ([HEATS Act](#)), which would speed up the permitting process for geothermal energy by waiving the requirement for operators to obtain a federal drilling permit for wells on state and private lands. Current Senate Energy and Natural Resources Committee chairman Martin Heinrich (D-NM) is also advocating with Sen. Mike Lee (R-UT) for a [bipartisan bill to streamline the geothermal permitting process](#). Sen. Lee will lead the committee as chairman next year, with Sen. Heinrich as ranking member.

Similarly, there is potential to see bipartisan support for hydropower technologies. In May 2023, Sens. Maria Cantwell (D-WA) and Steve Daines (R-MT) introduced the bipartisan [Community and Hydropower Improvement Act](#). The legislation seeks to improve the hydropower licensing, relicensing, and license surrender processes. Notably, it aims to establish a two-year permitting process for installing turbines on non-powered dams and a three-year procedure for pumped storage projects unconnected to waterways. The bill also emphasizes strengthening environmental stewardship and restoring authority to Native American tribes over facilities on Tribal lands.

Another area just emerging is potential cross-border tariffs. At the recent COP29, Sen. Sheldon Whitehouse (D-RI) stated there may be an "interesting opportunity" to woo Trump on carbon border tariffs, given Trump's advocacy for steep import tariffs. In 2023, Sens. Bill Cassidy (R-LA) and Lindsey Graham (R-SC) cosponsored legislation proposing the same idea. In the September issue of *Foreign Affairs*, Brian Deese, previously the Director of the Biden White House National Economic Council and an advisor to the Harris campaign, wrote about the potential of a Clean Energy Marshall Plan funded by carbon border tariffs. The potential for substantial legislation on this, fueled by Democratic efforts to achieve net-zero goals combined with the Republican goal of being tough on China, will be worth watching in the incoming 119th Congress.

Conclusion – All-of-the-Above Is Back

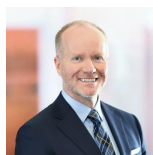
While we understand that some may expect the new Trump administration to usher in a complete reversal of the clean energy initiatives that have occurred under the Biden administration, we believe the many common interests and the need to increase US electric energy production will actually lead to support of an all-of-the-above agenda with clean energy going along for the ride. This will be aided by the significant investments already made through the IRA and the pragmatism required by the thin Republican majority. Any actions, however, will need to be pursued quickly in Trump's first two years. After that, congressional dynamics are likely to shift after the midterm elections and as others position themselves for the 2028 general election, with Trump as a true lame duck. The developments over the next 24 months could have significant implications for energy clients.

Authors



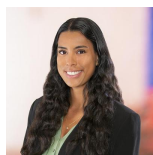
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