

Climate Policy Update



January 10, 2025

Good morning!

This is Akin's newsletter on climate change policy and regulatory developments, providing information on major climate policy headlines from the past week and forthcoming climate-related events and hearings:

National

Senators Pitch Trump on Energy, Regulations in Reconciliation *(E&E News)*

President-elect Donald Trump and Republican lawmakers remain divided on whether to pursue a one- or two-bill approach to advance key priorities like tax cuts, energy production and border policies, with no final decisions made during their Senate meeting on January 8. While President-elect Trump expressed flexibility on the legislative process, discussions focused on reversing President Biden's offshore drilling ban, advancing the REINS Act to limit executive regulations and exploring a dual-track strategy between the House and Senate to expedite progress.

Trump Readies Day One Energy Offensive *(GreenWire)*

President-elect Donald Trump plans to reverse Biden administration climate and energy policies through executive orders starting on Inauguration Day, targeting regulations on energy production, electric vehicles and natural gas exports, while reopening ANWR for drilling and declaring a national energy emergency.

GOP Plans Hearings Soon on Biden Climate, Energy Spending *(E&E News)*

House Republicans plan to launch new oversight hearings into Biden administration climate and energy spending, focusing on programs like the \$27 billion Greenhouse Gas Reduction Fund, which they argue has been mismanaged. Lawmakers, including Rep. Brett Guthrie (R-Ky.) and Sen. Shelley Moore Capito (R-W.Va.), aim to scrutinize unobligated funds from the Inflation Reduction Act as potential offsets for GOP budget priorities, such as tax cuts and increased oil and gas production.

New Hydrogen Tax Rules Face Uncertain Future *(E&E News)*

The Biden administration finalized tax guidance for the 45V hydrogen production credit, favoring green hydrogen while loosening climate guardrails to include nuclear, carbon capture and renewable natural gas projects. While Republicans have not prioritized repealing the credit, they may work with the incoming Trump administration to further ease restrictions and create a more industry-friendly framework.

Biden Puts Final Rules in Place for Technology-Neutral Tax Credits *(PoliticoPro)*

The Biden administration finalized rules for technology-neutral tax credits established under the 2022 climate law, providing clarity on eligibility tied to greenhouse gas reductions rather than specific power generation methods. While the rules aim to boost clean energy investment through 2032, Congressional Republicans are considering scaling back or repealing these credits, which experts warn could lead to higher energy costs, job losses and reduced clean energy capacity.

Biden Withdraws Most Federal Deepwaters from Future Oil Development *(PoliticoPro)*

President Joe Biden announced the withdrawal of 625 million acres of federal waters from future oil and gas leases, leaving only the western and central Gulf of Mexico open for offshore drilling, citing the need to protect coastal communities and address the climate crisis. President-elect Donald Trump has vowed to reverse the ban, but legal and political obstacles may complicate efforts to reinstate drilling in the affected areas.

Wall Street's Climate Journey is Getting Messier *(PoliticoPro)*

Major financial firms face mounting challenges in balancing business interests with climate commitments, as political and legal pressures from Republicans undercut global initiatives like the Glasgow Alliance for Net Zero (GFANZ). Recent defections from GFANZ affiliates and a restructuring to relax net-zero requirements highlight tensions between advancing climate goals and navigating shifting political landscapes.

State and Local

California's Hydrogen Industry Celebrates New Federal Tax Credit Rules *(PoliticoPro)*

The Biden administration's final hydrogen tax credit rules provide greater flexibility for states like California, exempting them from requiring new renewable energy sources for electrolytic hydrogen production, which officials say will accelerate clean energy innovation. While environmental advocates raised concerns about concessions for natural gas-derived hydrogen, the rules maintain key safeguards against pollution and are seen as a balanced compromise to support the growing hydrogen sector.

Biden Administration Approves California's Zero-Emission Ferry Rule *(PoliticoPro)*

The Biden administration granted California permission to enforce its rule requiring new ferries to be zero-emission by the end of 2025, while setting updated emission standards for other harbor vessels like tugboats and research ships. CARB is still awaiting final rulings on other key zero-emissions regulations facing industry pushback including zero-emission locomotives rule and regulations on zero-emission truck purchases.

Biden Administration Grants California Last-Minute Pollution Waivers *(ClimateWire)*

The Biden administration granted California waivers to enforce strict zero-emission rules for small engines, refrigerated trucks, and off-road vehicles, strengthening the state's climate policies against potential rollback efforts by the incoming Trump administration. These waivers, issued under the Clean Air Act, allow California to

implement progressive emissions regulations, including bans on gas-powered lawn equipment and mandates for zero-emission technologies in transportation, despite Republican opposition and ongoing industry lawsuits.

Texas, Utah Sue Over Small Nuclear Reactor Rules *(EnergyWire)*

Republican state attorneys general from Texas and Utah, along with developer Last Energy, are challenging the Nuclear Regulatory Commission's (NRC) licensing requirements for small modular reactors (SMRs), arguing that the rules hinder their development and increase costs. The lawsuit claims the NRC's licensing process misinterprets the Atomic Energy Act and is an obstacle to expanding the use of SMRs and microreactors, which the states view as key to addressing growing electricity demand and energy production goals.

It will be a Busy Year for Carbon Markets. Here's What to Expect. *(ClimateWire)*

Major developments are expected in 2025 for carbon markets, including the creation of a U.N.-run market and a potential merger of California and Washington's statewide programs. While the U.N. market aims to standardize global carbon credit trading, California lawmakers face challenges extending their program beyond 2030, and Washington urgently seeks a merger to stabilize its rising compliance costs.

International

EU Warns of 'Serious Blow' from Trump on Climate Change *(Reuters)*

The EU's climate chief warned that another U.S. withdrawal from the Paris Agreement under President-elect Donald Trump would severely undermine global climate efforts, requiring other nations to intensify diplomatic efforts. Despite this challenge, the EU plans to engage constructively with the U.S. and ensure its own ambitious climate targets are ready for the U.N. summit in November 2025.

EU Climate Plans at Risk From Public Funding Gap, ECB Paper Shows *(Reuters)*

The EU faces a significant funding gap to meet its climate goals later this decade, with public investment falling short by an estimated €54 billion annually by 2030, according to an ECB study. While current funding is sufficient through 2026, repayment of €175 billion in post-COVID recovery funds could further strain public finances, increasing the burden on national governments to bridge the gap.

Check out below for key quotes, federal agency news and a look at the week ahead in congressional hearings and think tank events:

Quote of the Week

“America’s clean energy boom is no coincidence, it’s President Biden’s industrial strategy in action: utilizing a range of incentives to accelerate innovative carbon cutting technologies and make the nation more energy resilient [...] Today’s final guidance helps provide clean energy producers the clarity needed to deploy more

clean energy solutions at scale to drive down costs for more American families and deliver future-facing careers for America's workforce."

-Energy Secretary Jennifer Granholm on Department of the Treasury's Final Rules for Technology-Neutral Clean Electricity Credits ([Department of Treasury](#) – January 7, 2025)

Congressional Hearings (January 6 - 10, 2025)

Senate

No relevant hearings.

House of Representatives

No relevant hearings.

Federal Agency Climate News

White House

[FACT SHEET: The United States and India Committed to Strengthening Strategic Technology Partnership](#) (January 6)

[FACT SHEET: President Biden Protects Atlantic and Pacific Coasts from Offshore Oil and Gas Drilling](#) (January 6)

Department of Energy

[Joint Statement of the United States of America and the Republic of Korea on the Expansion of Peaceful Nuclear Energy](#) (January 8)

Export-Import Bank

[Export-Import Bank of the United States Board of Directors Approves Supply Chain Resiliency Initiative to Protect U.S. Jobs and Shift Critical Mineral Supply Chains Back to the United States and Away from the People's Republic of China](#) (January 8)

Department of Treasury

[U.S. Department of the Treasury Releases Final Rules to Expand Clean Energy Investments and Lower Costs in Low-Income Communities](#) (January 8)

[U.S. Department of the Treasury Releases Final Rules for Technology-Neutral Clean Electricity Credits](#) (January 7)

[U.S. Department of the Treasury Releases Final Rules for Clean Hydrogen Production Tax Credit](#) (January 3)

Funding and Comment Opportunities

[U.S.-Danish Floating Offshore Wind Energy Mooring and Anchoring Research and](#)

Development

Department of Energy

Close Date: January 14, 2025

Generation III+ Small Modular Reactor Pathway to Deployment

Department of Energy

Close Date: January 17, 2025

Oceans of Opportunity: U.S. Wave Energy Open Water Testing

Department of Energy

Close Date: January 30, 2025

Advanced Hydrogen and Fuel Cell Technologies to Drive National Goals

Department of Energy

Close Date: January 31, 2025

Wind Turbine Technology Recycling

Department of Energy

Close Date: February 11, 2025

Energy Storage Pilot Demonstrations

Department of Energy

Close Date: February 13, 2025

Request for Information: Defining Sustainable Maritime Fuels in the United States

Department of Energy

Close Date: February 28, 2025

Point Source Carbon Capture Large-Scale Pilots, Commercial Demonstrations, & Networked Demonstration

Department of Energy

Close Date: July 1, 2025

Regional Direct Air Capture Hubs – Recurring Program

Department of Energy

Close Date: July 31, 2025

D.C. Climate Events

Leadership Conversation with Under Secretary Geraldine Richmond

Center for Strategic and International Studies

Thursday, January 9, 4:00 PM ET

Daniel Yergin on the Forces that are Shaping the World Energy Outlook

The Atlantic Council

Monday, January 13, 10:00 AM ET

Innovative Climate Finance in 2025: Evaluating Guarantee Mechanisms

The Atlantic Council

Tuesday, January 14, 9:00 AM ET

Rough Road Ahead for Electric Utilities in 2025

United States Energy Association

Wednesday, January 15, 11:00 AM ET

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