



ISSUE BRIEF

What's at Stake for Energy in the 2020 Election: An Update

AUGUST 2020

BY DAVID L. GOLDWYN AND ANDREA CLABOUGH

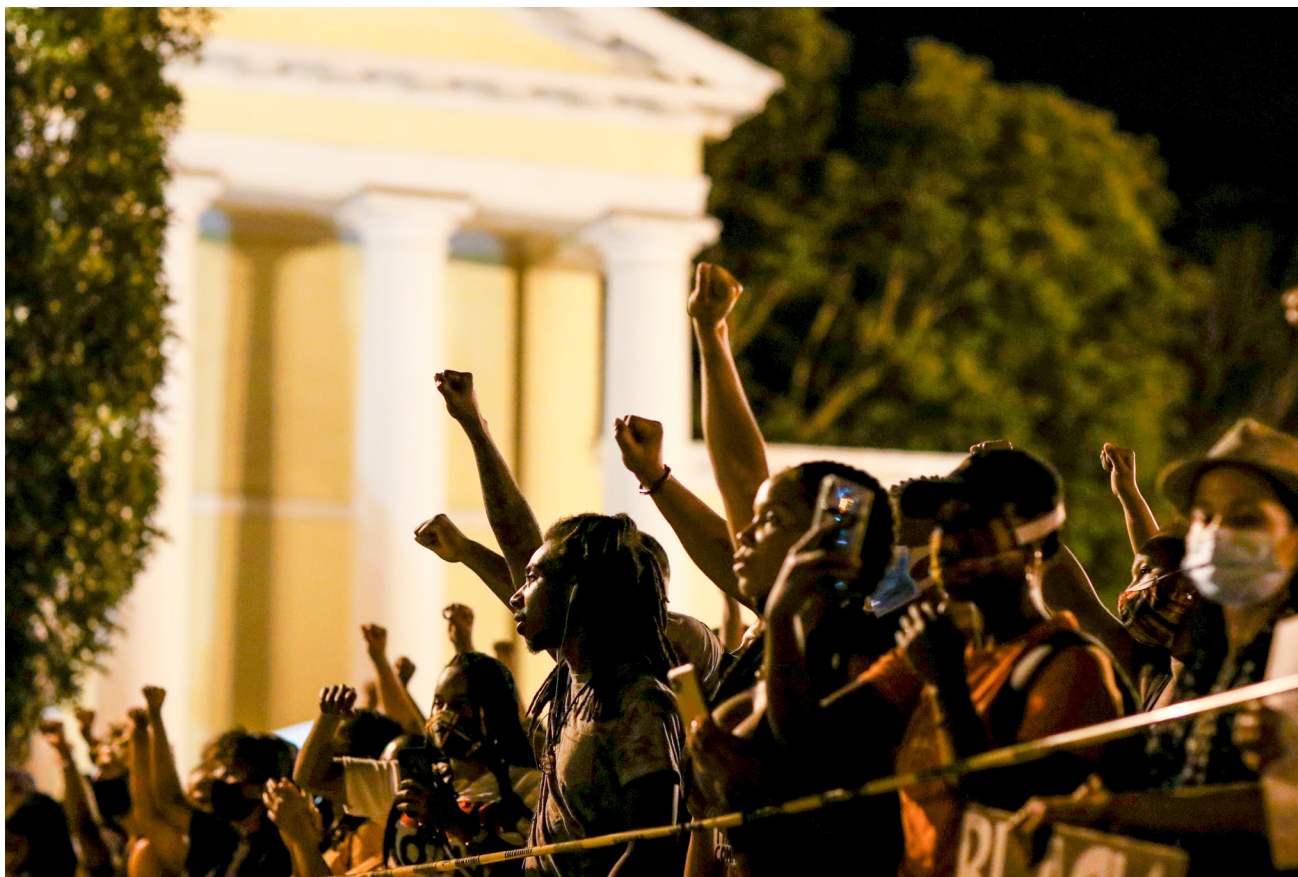
Introduction

In the seven months since the publication of the Atlantic Council's issue brief, "Election 2020: What's At Stake For Energy," the social and political landscape of the United States can hardly have changed more dramatically. In January 2020, US unemployment stood at 3.6 percent, the White House was proudly touting 2.1-percent gross domestic product (GDP) growth in the previous quarter, West Texas Intermediate (WTI) oil prices were approximately \$57/barrel, and few Americans had ever heard of a "coronavirus."¹ Fast forward to August 2020, and the unemployment rate has risen to above 11 percent, more than 160,000 Americans have perished from COVID-19, WTI has swung dramatically between \$16 and \$38/barrel since April, and the US GDP is expected to contract by a staggering 8 percent by year end.²

The impacts of the global pandemic on US politics would be difficult to overstate: recent polling data has shown that the public health, social, and economic crisis has deeply tarnished the Donald Trump presidency and introduced a separate crisis of confidence in his leadership.³ Furthermore, the pandemic's disparate economic consequences and casualty rates in the United States have thrown

The Global Energy Center promotes energy security by working alongside government, industry, civil society, and public stakeholders to devise pragmatic solutions to the geopolitical, sustainability, and economic challenges of the changing global energy landscape.

- ¹ "Unemployment Rate 2.0 Percent for College Grads, 3.8 Percent for High School Grads in January 2020," US Bureau of Labor Statistics, February 12, 2020, <https://www.bls.gov/opub/ted/2020/unemployment-rate-2-percent-for-college-grads-3-8-percent-for-high-school-grads-in-january-2020.htm>; "United States GDP Growth Continues Exceeding Expectations," Council of Economic Advisers, January 30, 2020, <https://www.whitehouse.gov/articles/united-states-gdp-growth-continues-exceeding-expectations/>; "Cushing, OK WTI Spot Price FOB (Dollars per Barrel)," Energy Information Administration, accessed July 29, 2020, <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=M>; David L. Goldwyn and Andrea Clabough, *Election 2020: What's At Stake For Energy*, Atlantic Council, January 9, 2020, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/election-2020-whats-at-stake-for-energy/>.
- ² "The Employment Situation – June 2020," Bureau of Labor Statistics, July 2, 2020, <https://www.bls.gov/news.release/pdf/empst.pdf>; Silvia Amaro, "IMF Slashes Its Forecasts for the Global Economy and Warns of Soaring Debt Levels," CNBC, June 24, 2020, <https://www.cnbc.com/2020/06/24/imf-global-economy-to-contract-with-coronavirus-recovery-slow.html>; "Cushing, OK WTI Spot Price FOB (Dollars per Barrel)."
- ³ Kendall Karson, "Broad Disapproval for Trump's Handling of Coronavirus, Race Relations: POLL," ABC News, July 10, 2020, <https://abcnews.go.com/Politics/broad-disapproval-trumps-handling-coronavirus-race-relations-poll/story?id=71704889>.



Demonstrators raise their fists in the air near the White House in Washington, DC on June 6, 2020, during a protest against racial inequality in the aftermath of the death in Minneapolis police custody of George Floyd. *REUTERS/Leah Millis*

systemic racism in America into sharp relief, a development furthered by mass protests demanding racial justice in the aftermath of the murder of an unarmed African American man, George Floyd, by police officers in late May. As is often the case for incumbents, the 2020 election is shaping up to be a referendum on the current administration and its leader, President Trump, but in a context that was unimaginable only months ago.

The questions surrounding the future of the US energy system amid climate change intersect with all of these developments. With former Vice President Joseph Biden now the presumptive Democratic nominee, the implications of the 2020 election for energy are much clarified. Energy and climate policy will be a serious point of differentiation between the two candidates, which both candidates will advertise to their base voters, but in a dramatically different situation than either previously expected. The collapse of global oil prices, bankruptcies and financial hardship facing energy producers of every fuel (oil, gas, renewables, and more), and the increasingly salient issues around climate, racial justice, and public health will put pressure on both campaigns

to justify their respective energy policies to the voters. The Trump campaign will frame the energy discussion around jobs and the economy, arguing that the United States must continue fossil fuel deregulation and energy dominance to fuel a post-COVID recovery. The Biden campaign, meanwhile, will offer its vision of a US energy transition that creates high-quality jobs in emerging, low- and zero-emission sectors, rebuilds the United States' aging infrastructure, and puts the national economy on the path to net-zero emissions by mid-century.

Despite the seismic shifts in circumstances since the Atlantic Council's original analysis was published, its central conclusion rings more true than ever: whoever is president in January 2021 must operate within an increasingly complex global context, with intensifying social unrest and anxieties at home. This hard reality will shape their approach to energy and climate, all but ensuring that volatility will endure. This issue brief updates the Atlantic Council's January "Election 2020: What's At Stake for Energy?" analysis and considers the new context surrounding a Trump re-election scenario and a Biden election, and the consequences for the energy sector.

President Trump 2.0: A Reelection Scenario

As noted in the January “Election 2020” analysis, the Trump administration has pursued an unrelenting course favoring deregulation of energy development, growth in exports of US energy and energy technology as a core component of an often-contentious trade agenda, and lowering taxes and regulatory barriers for energy producers. The president has successfully undermined or undone many of the Barack Obama-era environmental regulations (e.g., the Waters of the United States Rule) which the current administration views as overly burdensome. The Trump administration has, for example, replaced the Obama-era Clean Power Plan with the Affordable Clean Energy Rule and restricted how seminal environmental laws, like the Clean Water Act, are implemented in favor of eased and expedited fossil fuels infrastructure permitting. Importantly, however, these efforts to support a rapid buildout of fossil fuels infrastructure have been met with mixed success, as the recent cancellations of the Constitution and Atlantic Coast Pipelines and seemingly intractable legal troubles facing the Keystone XL and Dakota Access Pipelines bear out. The Keystone XL Pipeline, for example, was expressly endorsed by the Trump administration in executive orders in both 2017 and 2019, with the former calling for an “expeditious review” and the latter giving a presidential permit after the project continued to face delays in federal courts.⁴ Despite these executive actions, in late April 2020 a federal court vacated the critical Nationwide Permit 12 for Keystone XL and other similar projects, citing inadequate review of impacts on endangered species; the Supreme Court ultimately refused to reinstate the permit for Keystone XL, leaving the pipeline’s future in legal jeopardy.⁵ Natural gas pipeline developers have faced additional setbacks, as both the Constitution

and Atlantic Coast pipelines struggled to overcome permitting challenges and opposition at the local and state levels, and both have been cancelled recently.

The president intended to prioritize US energy dominance, his administration’s mantra, as a key theme in his reelection argument. Indeed, the president’s campaign has shown in recent weeks—most notably in Midland, Texas—that he seeks to highlight his pro-fossil fuels policies for key swing states (such as Pennsylvania) where many voters are employed by or benefit from oil and gas development.⁶ From the Green New Deal’s inception in February 2019, the president and his team have sought to portray it and related proposals (notably, a number of recent sweeping green infrastructure packages proposed by the Democratic-controlled House of Representatives) as expensive and elitist plans that would crush the jobs and livelihoods of working class Americans while raising energy prices for everyone. It has most recently criticized the Biden campaign’s new climate and infrastructure “Build Back Better” plan as “t[ying] up projects in red tape.”⁷ In his July speech in Midland, Texas, the president expounded on these themes, suggesting that a Democratic victory in November would mean that the “US energy industry would grind to a halt, and every single energy-producing state would be plunged into a depression. Two million jobs would vanish overnight in just the state of Texas alone.”⁸

It is unclear how salient these arguments in favor of expedited treatment for new infrastructure at the expense of thorough environmental assessment will prove in an environment where oil prices have crashed to historic lows (with WTI futures entering negative territory in April 2020) and a frail economy has dramatically reduced US energy demand across nearly every sector, diminishing the urgency of new pipeline infrastructure

4 “Presidential Memorandum Regarding Construction of the Keystone XL Pipeline,” White House, January 24, 2017, <https://www.whitehouse.gov/presidential-actions/presidential-memorandum-regarding-construction-keystone-xl-pipeline/>; “Presidential Permit,” White House, March 29, 2019, <https://www.whitehouse.gov/presidential-actions/presidential-permit/>.

5 Jamie Ehrlich, “Supreme Court Deals Major Blow to Keystone XL Project,” CNN, July 6, 2020, <https://www.cnn.com/2020/07/06/politics/keystone-xl-supreme-court-pipeline/index.html>.

6 Scott Waldman, “Trump to Visit Pa. Targeting Biden, Green New Deal,” *E&E News*, May 14, 2020, <https://www.eenews.net/stories/1063129607>; Patrick Svitek and Mitchell Ferman, “Trump Rallies Oil and Gas Workers in the Permian Basin Against Democrats Ahead of the November Election,” *Texas Tribune*, July 29, 2020, <https://www.texastribune.org/2020/07/29/president-trump-texas-visit-oil-and-gas-permian-basin/>.

7 Rebecca Beitsch, “Trump Attacks Biden Clean Energy Plan While Announcing Environmental Rollback,” *The Hill*, July 15, 2020, <https://thehill.com/policy/energy-environment/507554-trump-attacks-biden-clean-energy-plan-while-announcing>.

8 “Remarks by President Trump on Restoring Energy Dominance in the Permian Basin, Midland, TX,” White House, July 29, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-restoring-energy-dominance-permian-basin-midland-tx/>.

in the eyes of consumers.⁹ Moreover, the energy dominance agenda has itself faltered in the unusually challenging circumstances facing US oil and gas producers. More than two hundred and forty US oil and gas companies may be forced into bankruptcy through 2021; the Trump administration has offered only limited financial support to vulnerable producers, and industry-supportive gestures via executive order (such as a recent order that curtailed environmental reviews for oil and gas infrastructure projects using COVID emergency authorities) are of dubious utility to industry.¹⁰ The Energy Information Administration (EIA) projects that US oil production will have dropped by seven hundred thousand barrels per day on average, year on year, in 2020 as a direct result of the economic onslaught of COVID-19—a difficult market-driven reality, which the White House can do little to reverse.¹¹ US energy exports, another hallmark of the energy dominance agenda, have suffered not only as a result of the pandemic's depression of global fossilfuels demand, but also the administration's trade policies, which left US suppliers of oil and gas facing damaging tariffs from China.¹² Amid the pandemic, the EIA expects US liquefied natural gas (LNG) exports to decline from a high of 8.1 billion cubic feet per day (Bcf/d) in January 2020 to just 3.2 Bcf/d in July, and most export terminals to operate at half capacity throughout the summer months.¹³

Despite these challenges, the authors expect the president to stay the course on his agenda, both in campaign mode and thereafter if reelected, because his core views on energy policy continue to enjoy the robust

support of his Republican base. Although recent data suggests that younger generations of Republicans and independents are increasingly worried about climate change and support government policies to mitigate it, these concerns are far less pronounced among the older, most reliable cohort of Republican voters in the so-called Generation X and Boomer blocs.¹⁴ The same is also true of Republican officials—especially congressional representatives and senators. Taking cues (or lack of enthusiasm) from their base voters on climate and green infrastructure, congressional GOP leaders (starting with Senate Majority Leader Mitch McConnell) have shrugged at wide-ranging Democratic proposals, such as the June Moving Forward Act, which, in addition to billions in proposed spending for zero-emission and renewable energy infrastructure, also allocates funding to a number of GOP-favored policies and technologies (e.g., the expansion of the carbon capture tax credit 45Q).¹⁵ The president has already threatened to veto the bill if it ever came to his desk.¹⁶

While some voices in the GOP appear to be more open to legislative efforts that target energy innovation, especially land conservation and protection issues (such as those prioritized in the recently passed Great American Outdoors Act), there remains significant distance between these sorts of widely supported efforts and serious, intentional legislation coming from the GOP on climate change specifically. Certainly, recent months have seen some signals from within the GOP leadership that the party's tone on climate change may be in the beginning stages of evolution. Earlier this year, Republican

9 Pippa Stevens, "Energy Demand, Hit By Coronavirus Crisis, is Set to See Record Drop This Year, IEA Says," CNBC, April 30, 2020, <https://www.cnbc.com/2020/04/30/energy-demand-set-to-fall-the-most-on-record-this-year-amid-coronavirus-pandemic-iea-says.html>.

10 Paul Takahashia, "More Than 240 U.S. Energy Bankruptcies Forecast by 2021," *Houston Chronicle*, May 21, 2020, <https://www.houstonchronicle.com/business/energy/article/More-than-240-U-S-energy-bankruptcies-forecast-15286181.php>; Nichola Groom, "Trump Administration Has Denied Most Onshore Drilling Relief Requests –Official," Reuters, June 26, 2020, <https://af.reuters.com/article/energyOilNews/idAFL1N2E321B>; "EO on Accelerating the Nation's Economic Recovery from the COVID-19 Emergency by Expediting Infrastructure Investments and Other Activities," White House, June 4, 2020, <https://www.whitehouse.gov/presidential-actions/eo-accelerating-nations-economic-recovery-covid-19-emergency-expediting-infrastructure-investments-activities/>.

11 "Short-Term Energy Outlook: U.S. Liquid Fuels," Energy Information Administration, June 9, 2020, https://www.eia.gov/outlooks/steo/report/us_oil.php.

12 "Factbox: China's Tariffs on U.S. Commodities and Energy," Reuters, August 26, 2019, <https://www.reuters.com/article/us-usa-trade-china-commodities/tariffs-fa/factbox-china-tariffs-on-u-s-commodities-and-energy-idUSKCN1VG158>.

13 "U.S. Liquefied Natural Gas Exports Have Declined by More Than Half So Far in 2020," *Oil and Gas 360*, June 23, 2020, <https://www.oilandgas360.com/u-s-liquefied-natural-gas-exports-have-declined-by-more-than-half-so-far-in-2020/>.

14 Alec Tyson and Brian Kennedy, "Two-Thirds of Americans Think Government Should Do More on Climate," Pew Research Center, June 23, 2020, <https://www.pewresearch.org/science/2020/06/23/two-thirds-of-americans-think-government-should-do-more-on-climate/>.

15 "Moving Forward Act H.R. 2," House of Representatives Committee on Transportation and Infrastructure, June 22, 2020, <https://transportation.house.gov/imo/media/doc/BILLS-116HR2-RCP116-54.pdf>.

16 Rebecca Beitsch, "White House Threatens Veto on Democrats' \$1.5 Trillion Infrastructure Plan," *The Hill*, June 29, 2020, <https://thehill.com/policy/energy-environment/505122-white-house-threatens-veto-on-democrats-15-trillion-infrastructure>.

House Minority Leader Kevin McCarthy offered a conservative legislative proposal on climate change, which focuses on carbon capture, research and development for carbon removal, and a “Trillion Trees” carbon removal component—perhaps hinting at future areas of bipartisan collaboration, as well as concerns among some Republicans that the lack of a climate strategy altogether could be politically dangerous in the future.¹⁷ The Trump administration itself, notably Secretary of Energy Dan Brouillette, has argued that its efforts have spurred innovation around clean energy, carbon capture, and emissions reductions as a key component of the energy dominance agenda.¹⁸ Importantly, however, these mostly rhetorical shifts do not seem to have influenced the policy and regulatory measures that mitigate the impact of federal actions on the environment and exacerbate climate change. It is deeply uncertain that they would do so in substantive ways in a second term.

In a second term scenario with the pressure of reelection lifted, there may be some additional opportunities for bipartisanship, with significant implications for US energy policy previously unavailable or limited in the first term.¹⁹ Although the president has serious problems with the latest House infrastructure package, his administration has supported passing a major infrastructure bill throughout his term, and officials at every level of government and on both sides of the aisle understand that federal infrastructure spending is desperately needed. It is conceivable that the president, with an eye to legacy and needing a positive economic story post-COVID, would endorse a truly bipartisan package (with high-profile sponsors on both sides of the aisle) that allocates funding across a range of GOP and Democratic priorities and emphasizes broad-appeal items such as energy innovation, efficiency, grid modernization and resilience, and others. However, none of these measures would curb emissions in the short term or halt environmental deregulation. Another area for bipartisanship could be trade, specifically upcoming bilateral trade discussions with China, the EU, the United Kingdom (UK), and multiple countries in Asia. The president has been keen to support the

export of US energy (especially oil and natural gas) and energy technologies through the trade agenda, most recently in the January 2020 Phase 1 US-China agreement. After a strong show of bipartisanship in negotiations over the final content of the US-Mexico-Canada Agreement (USMCA) in late 2019, congressional Democrats in a second term might support the administration's push for future bilateral agreements and ease their movement over the legislative finish line, so long as some Democratic priorities (such as strengthened labor rules enforcement and improved environmental protection regulations) are in the discussion.

A Biden Presidency

With the former vice president now the presumptive Democratic nominee, it is clear that energy and climate policy have taken a centerpiece role in his campaign, especially as he seeks to unite Democratic moderates and the party's increasingly vocal progressive wing under the banner of his candidacy. The Atlantic Council's January analysis noted that, while all of the potential Democratic nominees had put forward historically ambitious climate-focused energy policies, there were significant disparities between how far and how quickly the party's mainline standard bearers (led by Biden) would push an energy transition versus the more aggressive decarbonization proposals of progressives (led by Senators Bernie Sanders and Elizabeth Warren). Biden's climate and energy plans, from the initial release of his climate strategy through its latest enhancements, center on a few marquee goals: putting the US economy on track for net-zero emissions by 2050, a clean energy standard to produce zero emissions from the power sector by 2035, reversing the Trump-era deregulatory agenda (e.g., in methane emissions regulations), reentering the Paris Agreement, providing multi-billion federal investments in green energy and low-emission infrastructure, and prohibiting new fossil fuels development on federal lands.²⁰ Throughout the primary season, Biden was pressured to adopt more stridently anti-fossil fuels positions

17 Melanie Zanona, Anthony Adragna, and Eric Wolff, “Kevin McCarthy Faces Uneasy Right Flank Over Climate Push,” *Politico*, February 13, 2020, <https://www.politico.com/news/2020/02/13/gop-climate-change-kevin-mccarthy-115025>.

18 Lesley Clark, “Brouillette and Climate: Is DOE Changing Course?” *E&E News*, March 5, 2020, <https://www.eenews.net/stories/1062519785>.

19 This scenario assumes that, in a reelection scenario, the Senate would remain in GOP control while the House remains in Democratic control. As of this writing, polling data suggests that the maintenance of the Democratic House majority appears far likelier than a Republican sweep of both chambers.

20 “Joe's Plan for a Clean Energy Revolution and Environmental Justice,” Biden For President, accessed July 6, 2020, <https://joebiden.com/climate/>.



Democratic US presidential candidate and former Vice President Joe Biden and his wife Jill visit the War Memorial Plaza on Memorial Day 2020, amid the COVID-19 pandemic. *REUTERS/Carlos Barria*

(e.g., support for bans on hydraulic fracturing on both private and public lands, and a fossil fuels export ban) and faster targets for a net-zero or fully decarbonized economy. The Biden campaign largely resisted the most controversial demands, such as some of the recommendations by the Democratic National Convention Environment and Climate Crisis Council.²¹ Further, the Biden team has shown itself more open to options such as advanced nuclear energy technologies, carbon pricing, and carbon capture technologies, of which the party's more progressive wing has been much more skeptical.

The Biden campaign has had to manage a delicate balancing act as the general election comes into sharper focus. Environmental protection and climate change have risen as higher priority voting issues throughout the course of the 2020 campaign; a recent Pew Center survey found nearly as many Americans prioritize environmental protection during the next presidency (64

percent) as prioritize strengthening the economy (67 percent), with a 14-percent rise since 2016 in those who prioritized climate change specifically.²² Among Democrats, the Pew Center found that environmental issues and climate change were ranked as high priorities comparable to healthcare.²³ Leading progressive environmental organizations, notably the youth-led Sunrise Movement—which was a major driving force behind the 2019 Green New Deal—largely endorsed Senator Sanders or Warren during the primary, in which Sanders made aggressive decarbonization a centerpiece of his campaign arguments targeting younger voters.²⁴ The Biden campaign will need the consolidated support of climate-focused voters, and cannot afford to lose critical ballots to third parties like the Green Party. The campaign endeavored to bring these voters into the fold through its platform committee Task Force on Climate Change. The Task Force included a mix of mainline Democrats and young progressive voices, notably Representative Alexandria

21 Importantly, the DNC Environment and Climate Crisis Council largely exists to push the party to adopt stronger climate policy. To view its latest recommendations in full, see “Environmental and Climate Policy Recommendations for the 2020 Democratic Party Platform,” DNC Environment and Climate Crisis Council, <https://www.dncclimate.org/the-platform>.

22 “As Economic Concerns Recede, Environmental Protection Rises on the Public’s Policy Agenda,” Pew Research Center, February 13, 2020, <https://www.pewresearch.org/politics/2020/02/13/as-economic-concerns-recede-environmental-protection-rises-on-the-publics-policy-agenda/>. The authors note that this particular survey pre-dates the current COVID public health and economic crisis, which may have impacted voter priorities, but this data mirrors long-term trends on rising public concern for environment and climate issues found by Pew Research Center, the League of Conservation Voters, and other organizations.

23 Ibid.

24 Alexander C. Kaufman, “Sunrise Movement Endorses Bernie Sanders,” *Huffington Post*, January 9, 2020, https://www.huffpost.com/entry/sunrise-movement-endorsement-bernie-sanders_n_5e164b5fc5b600960c5f46ce.

Ocasio-Cortez and former Senator John Kerry as co-chairs, and also included Sunrise Movement Executive Director Varshini Prakash as a member. That Task Force has recommended that the campaign adopt the goal of 100 percent elimination of carbon emissions from power generation by 2035 and pursuit of net-zero emission new buildings by 2030; importantly, however, the recommendations are otherwise very general (eschewing firm targets or commitments for hard-to-decarbonize sectors) and strongly emphasize pro-labor, “Made in America” themes, as well as environmental and climate justice.²⁵ Per the latter issue, the recent report from the House Majority Select Committee on the Climate Crisis (which is chaired by Representative Kathy Castor (D-FL), another platform committee member) emphasizes that federal permitting and infrastructure siting decisions should “assess the cumulative and disproportionate impacts of pollution on environmental justice communities.”²⁶ Now that the campaign has announced Senator Kamala Harris, who has pressed for deeper consideration of environmental justice in Congress, as the Vice Presidential nominee, a Biden administration will have a strong and experienced advocate on this issue and a leader who is in complete agreement with Biden that addressing climate change is a major component of addressing racial and social justice.

The new “Biden Plan to Build a Modern, Sustainable Infrastructure and an Equitable Clean Energy Future,” or the Build Back Better Plan, represents the culmination of this national team-building endeavor.²⁷ It presents an ambitious proposal that adds to the Biden campaign’s initial commitments and adopts some strengthened decarbonization—and especially environmental justice—goals, but with a distinctly populist flavor, through heavy emphasis on US jobs and domestic manufacturing. The most notable new commitments include “clean, American-made electricity to achieve a carbon pollution-free power sector by 2035,” a significant new decarbonization goal to appeal to progressives, as well as “a \$2 trillion accelerated investment, with a plan to deploy those resources over his first term.”²⁸ The new Biden plan, in a

similar vein as the recommendations of the House Select Committee on the Climate Crisis, also adopts a technology-neutral Energy Efficiency and Clean Electricity Standard (EECES), likely intended to drive rapid decarbonization and uptake of renewable power in electricity generation, including major onshore and offshore projects (such as offshore wind farms) and distributed resources. There is also a clear political strategy to the new plan: it promises one million new auto industry jobs, strong labor protections, and collective-bargaining rights afforded to new union construction jobs, and prioritizes the use of “American-made” materials to build billions in new energy infrastructure (such as solar panels and wind turbines). All these policies are geared toward American workers throughout the Rust Belt states, who previously formed the Democratic “Blue Wall,” from which Trump pulled crucial votes in the 2016 election. Notably, the former vice president has endorsed a border carbon adjustment mechanism since the release of his initial climate and energy platform in 2019; the European Union is already working on a similar mechanism of its own, and a border adjustment may be critical to preventing industrial producers overseas in high-emission countries from undercutting a future, lower-emission US manufacturing base. Taking all of these elements together, it was likely no accident that the preeminent US union, the American Federation of Labor and Congress of International Organizations (AFL-CIO), and some energy sector unions (such as the International Brotherhood of Electrical Workers) immediately and roundly endorsed the updated Biden plan. Although the enhanced plan is clearly meant to show openness to, and unity with, the party’s progressive wing, it also shows a clear bend toward economic nationalism with a green twist.

Wild Cards

While both of the campaigns are polishing their key arguments, the importance of the “known unknowns” to the direction of either future administration can hardly be overestimated. A range of wild-card developments could be considered; for this analysis, three especially

25 “Biden Sanders Unity Task Force Recommendations,” Biden For President, July 8, 2020, 47, <https://joebiden.com/wp-content/uploads/2020/07/UNITY-TASK-FORCE-RECOMMENDATIONS.pdf>.

26 “Solving the Climate Crisis: The Congressional Action Plan For a Clean Energy Economy and a Healthy, Resilient and Just America,” House Select Committee on the Climate Crisis, 304, <https://climatecrisis.house.gov/sites/climatecrisis.house.gov/files/Climate%20Crisis%20Action%20Plan.pdf>.

27 “The Biden Plan to Build a Modern, Sustainable Infrastructure and an Equitable Clean Energy Future,” Biden For President, accessed July 17, 2020, <https://joebiden.com/clean-energy/>.

28 Ibid.



President Donald Trump delivers a speech during a tour of the Double Eagle Energy Oil Rig in Midland, Texas, on July 29, 2020. *REUTERS/Carlos Barria*

influential issues will guide how the next administration approaches energy and climate policy in January 2021. Given the twists and turns that 2020 has presented so far, it is impossible to confidently predict the future status of any of them. With multiple scenarios in mind, this paper details their respective implications below.

State of the Economy: With COVID-19 rapidly spreading throughout the Sun Belt region and US cases surging past four million, it is increasingly clear that the economic malaise brought on by the public health crisis cannot be remedied quickly, and many Americans are likely to remain out of work as a consequence for several more months. In this environment, even Senator McConnell (who has so far refused to consider another round of direct payments to Americans as economic stimulus) has now opened the doors for fresh negotiations on further stimulus in Congress.

Assuming that the worst of the pandemic passes through the United States in 2020, the immediate priority for either administration will be addressing the economic fallout from the virus and finding ways to put all Americans back to work safely. Either administration in this context would find an infrastructure package very appealing, especially a new Biden administration, which needs to show forward momentum and ideally concrete benefits (literally and figuratively) in the form of new jobs and investment for low- and middle-income communities. For a Biden administration, the state of the economy could also provide a counterweight to some arguments that

the federal government should put new or additional limits on fossil fuels infrastructure, especially existing pipelines and export terminals, particularly if influential voices contend that this infrastructure will be necessary to aid a fledgling recovery. If Biden wins, he will need to carry multiple swing states (Pennsylvania, New Mexico, Ohio, Colorado) where the oil and gas industry (and adjacent industries) are important providers of local jobs. With the 2024 campaign in mind, he will not want to jeopardize the recovery in these states—in particular, by pushing the energy transition agenda too far, too fast. For the Trump administration, the reverse is true, as the pressure to spur economic growth would be seen as a compelling argument to press ahead on the energy dominance agenda and accelerate US energy production and exports.

Makeup of Congress: The Atlantic Council's January analysis primarily focused on the consequences of a split congressional electoral outcome, in which the Senate remains in GOP hands, but the House remains in Democratic control. It appears highly unlikely that President Trump would be reelected while losing control of the Senate; a split outcome is thus most likely in a second term scenario, effectively signaling the continuation of the current pattern on Capitol Hill.

For a Biden administration's energy agenda, the electoral split-or-sweep question is critically important, and the most aggressive elements of his proposals (and the recommendations of the House Select Committee's majority

staff) will be nonstarters or heavily watered down in any negotiations with a Republican-controlled Senate still headed by Senator McConnell. In the White House, a Biden administration facing an uncooperative Senate will repeat the Trump approach: use executive orders in conjunction with the regulatory process to rewrite, revise, and rescind rules in line with the administration's priorities; in this case, using those authorities to reduce emissions throughout the economy (e.g., a new Clean Power Plan), mandate greater efficiency (e.g., strengthened vehicle fuel efficiency standards, the EECES) and tighten rules around oil and gas operations and transport (e.g., revived methane emissions standards). Importantly, executive-led regulatory efforts can be challenged in court (and might meet any of the dozens of Trump-era conservative federal bench appointees) and can take years to complete. In Congress, meanwhile, Democrats will be forced to bargain over extending renewable and zero-emission infrastructure incentives (e.g., renewable tax credits), as well as over funding to incentivize faster innovation on broad-appeal technologies, such as battery storage, carbon capture, and hydrogen fuel-cell technology. This scenario would likely produce an evolutionary, rather than transformative, path for the US energy system.

A sweep scenario (with Democrats controlling both chambers), on the other hand, presents a new world of possibilities for how aggressively a Biden administration could drive forward an energy transition agenda. With control of the purse strings and the ability to enact major policy changes through budget reconciliation and alterations of the tax code, the passage of an infrastructure package that mirrors the House Select Committee's report recommendations would be in play, especially if it were crafted in such a way that swing state Democratic and Republican senators could claim gains for their constituents in the final product and be comfortable enough to vote in favor.²⁹ Embedded in such a package could be significant enhancements of tax benefits and, perhaps, direct payment options for renewable and zero-emission energy producers and much-needed infrastructure enhancements, such as broadband internet access

(which facilitates digitalization of the grid) and high-voltage direct current (HVDC) transmission to facilitate nationwide access to regionally-produced zero-emission power. For oil and gas producers, new legislation could add new restrictions to the siting of up and midstream operations or tighten emissions or flaring requirements for upstream producers, but such legislation may be a tougher sell for Senate moderates, especially those in swing states with significant oil and gas production. Transformative measures, such as amending the National Environmental Policy Act to favor broad decarbonization of the economy and reduced oil and gas production, would remain extremely challenging even in a sweep scenario, and would almost certainly require sixty Senate votes to pass. The authors are also unconvinced that a sweep scenario would see progress toward national carbon taxation; although House Democrats have left this option theoretically on the table, as has the Biden campaign, it is not at all clear that there exists a committed constituency for a carbon pricing mechanism or that the American public would broadly support such a measure. The prospect of a national EECES—as outlined in the Build Back Better plan—and a comparable net-zero standard for the building sector, may be different discussions, as both will be high-risk, high-saliency, and, perhaps, high-reward policies for congressional Democrats. If a national infrastructure package with these elements were on the line, it is not inconceivable that Democrats would consider ways to end or modify the filibuster and pass a major bill by majority vote.

Returning to Paris: A key point of differentiation between the Trump and Biden campaigns has been their respective views of the Obama-era 2015 Paris Agreement. Whereas President Trump has made it his mission to pull the United States out of the Paris Agreement at the earliest possible moment (US withdrawal can officially occur the week of the election) and has revoked the Obama-era US nationally determined contribution (NDC), the Biden campaign has been abundantly clear that his administration would reenter the Paris Agreement with a new, strengthened NDC in line with the Paris Agreement's party requirements. Importantly, the now-rescheduled

²⁹ In simplified terms, any legislation that mandates the raising of revenues must originate in the House of Representatives (hence the phrase "power of the purse" delegated to this chamber). The House is currently controlled by Democrats, and is likely to remain so in the next term. If Democrats retain the House and attain a simple majority in the Senate, the party could conceivably pass a major spending bill through budget reconciliation. A budget reconciliation bill would only require a simple majority of votes in the Senate, rather than the typical threshold of sixty votes (which Democrats by themselves are unlikely to have, even if they attain a Senate majority). A budget reconciliation bill cannot be filibustered. Both parties have used this tool to pass major bills in recent history. A more thorough explanation is available at "Budget Reconciliation: The Basics," House Committee on the Budget, September 6, 2018, <https://budget.house.gov/publications/fact-sheet/budget-reconciliation-basics>.

Conference of the Parties (COP) 26 will take place in November 2021, at which point the parties are expected to have submitted revised, updated, and strengthened NDCs from their initial submissions in 2015.³⁰

The new submission deadline is a moot point for the Trump administration, as it would be free to begin withdrawal immediately after reelection. Conversely, a new NDC would be critically important to the Biden administration; its approach to a new NDC will be shaped by a number of competing factors. A Biden administration would be under pressure to propose a US NDC that exceeds the Obama-era commitment of a 28-percent emissions cut from 2005 levels by 2025. The Biden administration would likely submit a longer-term target (e.g., 2030) that would allow for breathing space for new policies to take effect. More challenging to determine will be the sectors (e.g., power generation, buildings, agriculture, transport) from which the administration can realistically commit to pulling emissions, and using which combination of policy and technology tools. Among the difficult questions to answer are: to what extent can, or should, new gas infrastructure or coal-to-gas replacement factor into a new NDC (almost a certainty if an EECES were in effect or planned); whether negative emissions or carbon capture would factor in as significant contributors; how much energy conservation and efficiency measures can reduce emissions; what role the aging US nuclear reactor fleet plays; and whether high levels of renewable energy penetration on the various state and regional grid networks be accomplished with safety, reliability, and resilience while managing their own infrastructure siting and permitting challenges. Answering these questions will require deep technical analysis, which the new administration would have little time to conduct between January and November 2021.

Conclusion: The More Things Change

Whoever occupies the White House in January 2021 will be faced with an extensive list of domestic and foreign crises, as well as their own governing priorities competing for attention. A Trump administration may be obliged to deal with the pandemic's impact on the economy if markets are in decline, although it has not asserted national standards to date. In any case, his team will be ready to reassert a nationalist economic agenda. With an eye to legacy, the president may prove more willing to negotiate difficult bilateral agreements in good faith, so long as his administration believes that US interests are being protected, and open the door for a serious legislative package on infrastructure that might satisfy moderates on both sides of the aisle. A Biden administration could inherit a nation mired in economic and social tragedy, with millions sick and millions more facing deepening financial crisis. Biden's team will be keen to reassert US leadership (at home and overseas) not just on climate change, but also regarding the rule of law, democracy, and civil rights. The state of the country and these overarching ideals will frame domestic, trade, and foreign policy, on top of significant consequences for the administration's approach to energy policy. However, any new administration is subject to the laws of political gravity; in 2021, the next administration will face a particularly harsh set of hard realities. Among these are worsening political and socio-cultural tensions that have inflamed divisions among Americans, a public health crisis that may continue to defy simple resolution, mounting challenges to democratic norms and liberty throughout the world, rising revisionist powers whose interests are misaligned with those of the United States, and growing evidence of dangerous impacts from climate change visible throughout the world, and increasingly so for US citizens at home. Any policy movement with respect to energy and climate must be considered within those truths, and no single administration can resolve all of these myriad challenges. In this context, volatility remains the only certainty, regardless of the November 2020 outcomes.

³⁰ Camilla Watkiss, "Seven Countries Submit New 2020 National Climate Plans (NDCs)," Climate Action, April 20, 2020, <http://www.climateaction.org/news/seven-countries-submit-new-2020-national-climate-plans-ndcs>.

David L. Goldwyn is president of Goldwyn Global Strategies, LLC, an international energy advisory consultancy, and serves as chairman of the Atlantic Council Global Energy Center Energy Advisory Group.

Andrea Clabough is an associate at Goldwyn Global Strategies, LLC, where she researches and writes on a range of energy policy issues and focuses on oil and gas, renewables, power generation, and geopolitics.