



May 25, 2022

WHAT YOU NEED TO KNOW ABOUT Energy Policy and the Midterms

PRO POINTS

- **Record high gasoline prices have taken over the political conversation** ahead of this year's midterm elections, with Republicans attacking Democrats for their inability to tame rampant inflation despite controlling all levers of power.
- **Democrats are fighting to keep climate change as a central issue** that can motivate their base, especially young voters, while contrasting themselves with Republicans who are promoting more U.S. fossil fuel development in response to Russia's invasion of Ukraine.
- **President Joe Biden could struggle to maintain support** for his international climate agenda if Republicans take one or both chambers, as the GOP might try to block \$11 billion in climate aid promised by the U.S. that Congress needs to allocate.

HOW WE GOT HERE

A year ago, Biden touted climate change as one of the top four issues his administration would tackle, along with battling the pandemic, rebuilding the economy and fighting racism. Democrats promised to transform that pledge into legislation through his Build Back Better agenda, which aimed to devote a record \$555 billion for fighting climate change.

But key centrist Sen. Joe Manchin (D-W.Va.), chair of the powerful Energy Committee, killed the Senate's version of that bill in December, dashing the hopes of climate hawks and calling into question whether Democrats can inspire young voters motivated by an issue only getting worse with time.

Now, the White House is preoccupied with taming inflation and keeping the pressure on Russian President Vladimir Putin to end his war in Ukraine — a conflict that helped drive U.S. retail gasoline prices to record levels.

Biden has altered his rhetoric and policies from once pledging to transition the U.S. off oil and gas and ban new fossil fuel leases on public lands, to now pushing for energy companies to drill more in the short-term to help ease the supply crunch and reduce fuel prices.

Gas prices continue to climb

Weekly retail gasoline price per gallon, all grades



Note: Data as of May 23, 2022
Source: Energy Information Administration
Madi Alexander / POLITICO



Biden and Democrats have still managed to notch some green accomplishments they can tout on the campaign trail, by passing an infrastructure bill investing in next generation clean energy projects, expanding the power grid for renewables and installing a charging network for electric vehicles. That legislation also offers tens of billions of dollars to help cities and states become more resilient against the storms, floods and wildfires worsened by climate change, and even to help relocate communities away from vulnerable places.

But if Republicans retake control of Congress they could make it harder for Biden to secure funding he needs to fulfill the administration's climate commitments, such as doubling the amount of money the U.S. offers to developing countries to help curb global warming within the next three years.

Republicans likely would also apply strict oversight to other Biden initiatives, including probing his strengthened emissions reduction target as part of the Paris Climate Agreement he rejoined. They could also work to undermine regulatory moves the White House has started, including measures to force the financial system to prepare for the threats from climate change and imposing limits on pollution from oil and gas operations and cars and light trucks.

WHAT'S NEXT

Democrats have promised one last push over the coming weeks to pass party-line legislation to tame climate change, looking to salvage the core clean energy components of the Build Back Better bill before campaign season heats up later this summer.

Climate activists and independent analysts say Biden has no chance of fulfilling his emissions reduction pledge under the Paris Agreement unless Democrats pass into law hundreds of billions in expanded clean energy tax subsidies included in the defunct bill.

But Manchin has demanded Democrats and Biden increase U.S. energy security and boost fossil fuels as the cost of doing business, pressing the administration to restart new offshore oil and gas lease sales and expedite exports of natural gas to Europe.

While Democrats' shrinking ambitions are a nod to political reality, it remains to be seen whether a smaller legislative package centered around clean energy tax credits would do enough to inspire young voters who backed Biden and his party for their broad social policy agenda.

Republicans, meanwhile, have promised their own agenda to counter climate change should they control Congress, with an eye toward winning support from young people and suburban voters who increasingly care about the issue.

The GOP is betting that promoting private sector innovation to curb emissions without targeting fossil fuels will enable the party to win competitive oil- and gas-producing House districts won by Democrats in 2020. Texas House seats secured by Reps. Lizzie Fletcher and Vicente Gonzalez, both of whom won reelection by about 3 percentage points, are among those being targeted by Republicans.



Carbon dioxide emissions expected to fall in 2023

Carbon dioxide emissions in million metric tons

	2020	2021	2022 Forecast	2023 Forecast
Petroleum and other liquid fuels	2,043	2,224	2,281	2,305
Natural gas	1,648	1,637	1,684	1,682
Coal	875	1,001	983	936
Total energy	4,577	4,872	4,959	4,935

Source: Energy Information Administration
Madi Alexander / POLITICO

But in leaning too much into fossil fuels to counter Biden's more aggressive climate agenda, Republicans risk turning off swing voters in states and districts already feeling the effects of climate change, with forecasts predicting a brutal summer for wildfires, extreme heat, and drought.

POWER PLAYERS

- **Rep. Cathy McMorris Rodgers** : Currently ranking member of the Energy and Commerce Committee, McMorris Rodgers (R-Wash.) is primed to take over the powerful panel should the GOP retake the House as expected. McMorris Rodgers has acknowledged climate change is a problem and is best known for her work supporting hydropower, the dominant electricity provider in her home state, but opposes sweeping policies to meet strict emissions-cutting targets and has mostly focused on attacking Biden's climate agenda for making the U.S. less competitive with China.
- **Energy Secretary Jennifer Granholm**: Granholm has been the Biden administration's main messenger promoting its plans to accelerate clean energy development. She has also played up her ability to relate to Republicans as a former governor of Michigan, and has frequently visited fossil fuel- dependent areas to highlight economic opportunities available through clean energy development and manufacturing.
- **Sen. Joe Manchin**: The aforementioned Energy Committee chair will maintain clout even if he loses his gavel with a Republican Senate takeover. Manchin has cut deals with Republicans on energy policy in a divided Congress before, and he's currently convening bipartisan meetings that could set the table for collaboration on clean energy incentives, critical minerals mining and streamlining permitting.