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# The Biden administration's new energy policies are all about climate and represent an exciting sea change in US policy

BY CLINT VINCE AND ANDREW SHAW

**T**he Biden administration's energy policies are the most dynamic and transformative in recent US history. Climate change is the fulcrum for a comprehensive new 'whole of government' approach that will include every tool at the federal government's disposal and virtually every significant energy measure will be viewed through a climate impact lens.

Within moments of the new presidency, Biden announced that the US was rejoining the Paris Agreement, appointed a unique

cabinet level climate leadership team, began rescinding and replacing a slew of Trump era executive actions and unveiled a massive new portfolio of clean energy strategies. While it remains to be seen whether sweeping new legislation will be enacted, the momentum for unprecedented change at scale is now underway, even in the absence of such legislation.

Biden has appointed John Kerry, former secretary of state and former Democratic presidential candidate, as special presidential envoy for climate, a cabinet-

level position, and Gina McCarthy, a former Environmental Protection Agency (EPA) administrator, as national climate advisor, to lead this 'whole of government' strategy. Under the Biden administration, this ambitious strategy reflects, and may accelerate, the evolution from molecules to electrons and other tectonic shifts in the energy industry.

Despite the ideological differences on broader climate change policy, there is bipartisan agreement on the importance of energy innovation that provides hope

for legislation this year. Notably, for the first time since 2007, Congress passed last year comprehensive energy legislation, the Energy Act of 2020, which authorised \$35bn in Department of Energy Research, Development and Demonstration funding for advanced nuclear reactors, carbon capture, energy storage, grid modernisation, clean industrial technology and renewables.

This funding can help accelerate the commercialisation of these technologies, including carbon capture utilisation. While historically the majority of the focus with respect to carbon capture has been on sequestration for enhanced oil recovery efforts, companies like Capital Power are investing in technologies that utilise carbon dioxide in industrial processes like creating carbon nanotubes.

Jennifer Granholm, the new energy secretary nominee, has reiterated the Biden administration's support for carbon capture technology and green hydrogen, a strategic area of cooperation with Congressional Republicans and the oil and gas industry. During her confirmation hearing, Ms Granholm stated that it is not possible to reach "net-carbon zero without technologies that are being deployed and researched at the Department of Energy [DOE] like carbon capture use and sequestration, like hydrogen solutions, like direct-air capture".

Looking ahead to the discussions on Biden's 'Building Back Better' clean infrastructure plan, there may be more opportunities for bipartisanship on clean energy investment. It is worth noting that last Congress former senate environment and public works committee chairman John Barrasso, an oil and coal state supporter, and ranking member Tom Carper partnered on a surface transportation bill that included a \$1bn electric vehicle (EV) title.

EVs, which are a clear priority for Biden and Chuck Schumer, newly minted Senate majority leader, are also becoming a major focus for US car manufacturers, which, in recent months, have made historic announcements related to EV deployments. For example, GM announced last month that it will spend \$27bn on electric and autonomous vehicles through 2025 and

stop producing traditional gas-power engines by 2035.

EVs reflect the transition from molecules to electrons but this transformation depends on modernising the grid. According to a 2020 Brattle Group study, \$75-125bn in investment is needed across the electric power sector to support 20 million additional EVs by 2030. Grid modernisation's benefits though are broader than just enabling EVs onto the grid. Secure wireless broadband communication networks are also essential to a modern grid, particularly as utilities face unprecedented cyber security risks.

Notably, Anterix recently reached an agreement with Ameren where the utility will leverage Anterix's private LTE network to support its digital transformation. Additional federal investments can support the wide-ranging benefits associated with grid modernisation.

Beyond Congress, the Biden administration has a whole host of executive tools to advance climate change and clean energy objectives. On 27 January, Biden signed a new executive order that, among other things, would direct the federal government to procure 100 percent clean electricity no later than 2035. In addition, the executive order directs the federal government to transition to non-emitting vehicles.

Beyond just leveraging the purchasing power of the federal government, the EPA is expected to begin promulgating new Clean Air Act standards for the electricity, transportation and oil and gas sectors. On the electricity side, the EPA will have some wind at its back after the US Court of Appeals for the DC Circuit, on 19 January, rejected the Trump-era Affordable Clean Energy Rule, which replaced the Obama-era Clean Power Plan that set carbon dioxide standards on existing power plants. The electricity sector has already exceeded carbon dioxide goals set in the Clean Power Plan, and with the advances in wind, solar and storage in recent years, any new Clean Air Act standards for existing power plants will likely be more stringent than the standards set during the Obama years.

At the Federal Energy Regulatory Commission (FERC), Biden recently

appointed Richard Glick as chairman of the commission. As chairman, Mr Glick is expected to prioritise new transmission incentives, implementation of a new distributed energy resources rule and potential reconsideration of new market rules, such as PJM's Minimum Offer Pricing Rule. The FERC, under Mr Glick's leadership, may also consider and approve independent system operator (ISO)/ regional transmission organisation (RTO) proposals to incorporate carbon pricing into the wholesale electricity rates. Taken together, these FERC actions are likely to support the continued transition to clean energy resources in the electricity sector.

And, it is not just agencies like the EPA and the FERC. With the Biden administration's 'whole of government' strategy, other federal agencies are expected to take action on climate change. The Securities and Exchange Commission (SEC), for instance, may promulgate new rules requiring publicly-traded companies to disclose greenhouse gas (GHG) emissions within their operations and supply chains.

Such rules would build upon growing shareholder pressure on financial institutions to not only disclose climate change risks but also divest investments in fossil fuel projects. The Treasury Department, under new secretary Janet Yellen, may also consider stress tests for financial institutions on their ability to withstand climate risk. All of these developments may shift even more capital into clean energy technology.

The Biden administration is also explicitly tying climate change with foreign policy and national security goals. Thus, the issue will be at the top of the list for the US's bilateral and multilateral engagements across the world. Integrated supply chains and shared values could particularly pose opportunities for collaboration between the US and Canada as they work on developing and deploying advanced nuclear reactors and the related fuel infrastructure, carbon capture technology, EVs and an enhanced North American electric grid. The European Union and Canada are also discussing imposing carbon border adjustment mechanisms that would penalise imports

from jurisdictions without comparable carbon controls.

Biden's early initiatives appear to be supported by a growing majority of the US electorate and we anticipate that new political coalitions forged by changing demographics, an increasingly impassioned youth movement, and deepened concerns regarding social equity and environmental

justice will support even greater emphasis on aggressive climate policies. The extraordinary increase in climate-related events such as wildfires, turbulent weather, drought and floods has intensified the growing perception that urgent action is needed. ■

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