



## **This Week's Climate Policy Update | December 8 - December 14, 2024**

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Reading Time : **3 min**

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### **Environmental Regulations in the Courts**

The Biden administration's environmental policies and the future of infrastructure projects are facing pivotal legal challenges and political shifts. The U.S. Court of Appeals for the D.C. Circuit questioned the viability of the Environmental Protection Agency's (EPA) 2024 power plant emissions rule, particularly its reliance on carbon capture technology, while the 6th Circuit overturned the EPA's rejection of Kentucky's smog plan, which comes only three days after the EPA issued its defense of its "good neighbor" smog control plan responding to the Supreme Court's decision to halt its implementation in June. Meanwhile, the Supreme Court's handling of the first National Environmental Policy Act (NEPA) case in some time, *Seven County Infrastructure Coalition v. Eagle County*, could substantially alter the scope of environmental reviews, with potential immediate implications for the oil & gas industry. These judicial reviews may be influenced by a potential change in administration and Congress, as Trump-era officials, including Vivek Ramaswamy, advocate for scaling back NEPA regulations to expedite infrastructure projects. Additionally, the Department of Energy's recent clarity on liquefied natural gas (LNG) export authorizations underscores the broader tension between expanding fossil fuel infrastructure and adhering to environmental regulations amidst a polarized political and legal landscape.

### **Permitting Reform in Year-end Congress**

With only two weeks left in session, Congress is racing to finalize must-pass legislation, including a continuing resolution to prevent a government shutdown, disaster relief funding

and the National Defense Authorization Act, which often carries energy and environmental provisions. Negotiations on permitting reform, led by Sen. Joe Manchin (D-WV) and Rep. Bruce Westerman (R-AR), are gaining momentum, focusing on the Energy Permitting Reform Act (EPRA; [S.4753](#)) and proposed changes to NEPA. However, disagreements persist over environmental safeguards and transmission provisions. Senate Environmental and Public Works (EPW) Chair Tom Carper (D-DE) said House republicans have taken negotiations, “a bridge too far” by introducing NEPA reforms to EPRA. Meanwhile, Rep. Westerman said Democrats are “asking for a lot,” and is insisting upon his provisions to curtail NEPA requirements. Looking ahead to next Congress, Rep. Brett Guthrie (R-KY) is poised to chair the House Energy and Commerce Committee. Representing a coal-dependent region benefiting from green investments, his leadership may shape climate and energy policy by balancing fossil fuel interests with preserving beneficial green investments.

## **State Actions Against Fossil Fuels**

Amidst significant judicial and legislative turbulence in environmental and energy policy, states, in particular New York and California, have continued an ambitious climate agenda. Recent developments, however, indicate economic considerations and industry influence are being considered. In California, the Air Resources Board (CARB) decided to grant a one-year reprieve on SB 253’s corporate emissions reporting penalties, which underscores a pragmatic approach to implementing climate laws. The California Energy Commission delayed finalizing a profit cap for oil refiners, which illustrates the challenge of stabilizing fuel prices amid broader regulatory reforms. Meanwhile, in New York, Gov. Kathy Hochul (D-NY) indicated her willingness to negotiate amendments to the Climate Superfund bill, which contrasts sharply with the vigorous opposition from business groups who argue that holding oil companies financially accountable for climate damages could increase costs for consumers. Additionally, a group of Congressional House members sent a letter to Gov. Hochul advocating to end opposition against the Northern Access Pipeline, which would pass through Western New York. These events collectively reflect the complexities state governments face as they strive to advance climate policies while addressing economic and political pressures.

## **Clean Energy Investment**

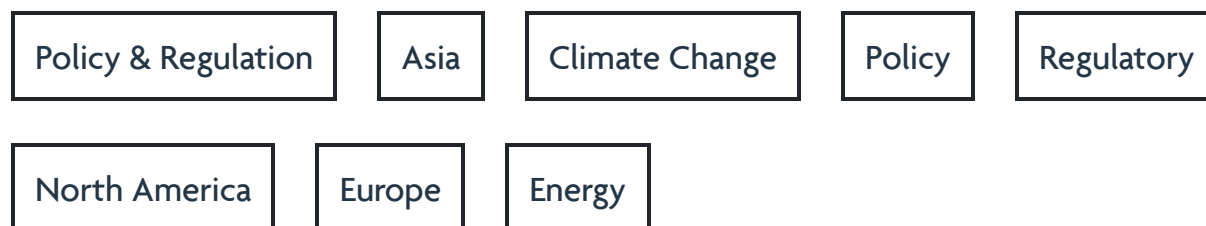
Investment in clean energy technology has seen rapid growth in recent years, and forthcoming developments suggest government policies will continue to support the industry. President Joe Biden is expected to back restrictions on international public financing

for oil & gas projects at an upcoming Organisation for Economic Co-operation and Development (OECD) meeting, marking a significant policy shift. This initiative, which imposes emissions thresholds to limit U.S. Export-Import Bank funding for oil & gas ventures, underscores a strategic redirection of capital toward clean energy investments abroad. Meanwhile, India's surge in green investments—outpacing China in the third quarter with \$2.4 billion—illustrates the rising prominence of renewable energy markets in emerging economies, driven by efforts to bolster domestic manufacturing and achieve long-term net-zero goals.

Domestically, the Inflation Reduction Act (IRA) remains a critical driver of clean energy advancement, particularly in rural America. Electric cooperatives are lobbying Republicans to preserve IRA provisions like tax credits and Empowering Rural America (New ERA) funding, which support renewable energy projects and grid modernization efforts. Reinforcing these initiatives, the U.S. Department of the Treasury recently finalized its rules for Section 48 clean energy Investment Tax Credits, which will catalyze investment into the clean energy economy. Together, these domestic and international policies reflect a broader strategy to sustain investment momentum in renewable energy infrastructure while facilitating an equitable transition away from fossil fuels.

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