

2023 State Climate Policy Trends What's on the Horizon This Year

February 15th at 3pm ET

2023

CLIMATE XCHANGE
[SCPN]

Introduction

Kristen Soares



State Climate Policy
Network Manager

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State Climate Policy Network (SCPN)

- Network of 17,500+ policymakers, advocates, business leaders and experts pushing for effective and equitable climate policies in their states
- Host monthly national calls and webinars
- Share updates, research, and analysis on various climate policy topics

How can we help you?

We specialize in state climate policy design and analysis. Reach out to kristen@climate-xchange.org with your questions on:

- **Bill drafting**, analysis, and technical design
- **Gap analysis** of your state's climate policy landscape
- **Example states** to follow for a given policy

Or, check out our **State Climate Policy Dashboard**, which tracks state-level climate policy and resources across all 50 states.



Speakers

Ava Gallo



**Climate & Energy
Coordinator,**
National Caucus of
Environmental Legislators
(NCEL)

Sam Ricketts



**Co-Founder and Senior
Advisor,**
Evergreen Action and
**Senior Fellow for Energy and
Environment,**
Center for American Progress

Jordan Haedtler



**Former congressional aide
and Climate Policy Finance
Consultant,**
The Sunrise Project

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2023 State Climate Policy Trends

Ava Gallo

National Caucus of Environmental Legislators (NCEL)

Who is NCEL?

- Nationwide network of over 1,000 legislators from all 50 states and both major parties.
- Serves as a connector for legislators to collaborate across the country.
- Remote environmental staff: we provide research, resources, and materials on policy areas of interest.
- Created by and for state legislators.



NCEL's Program Areas



**Climate and
Energy**



Conservation

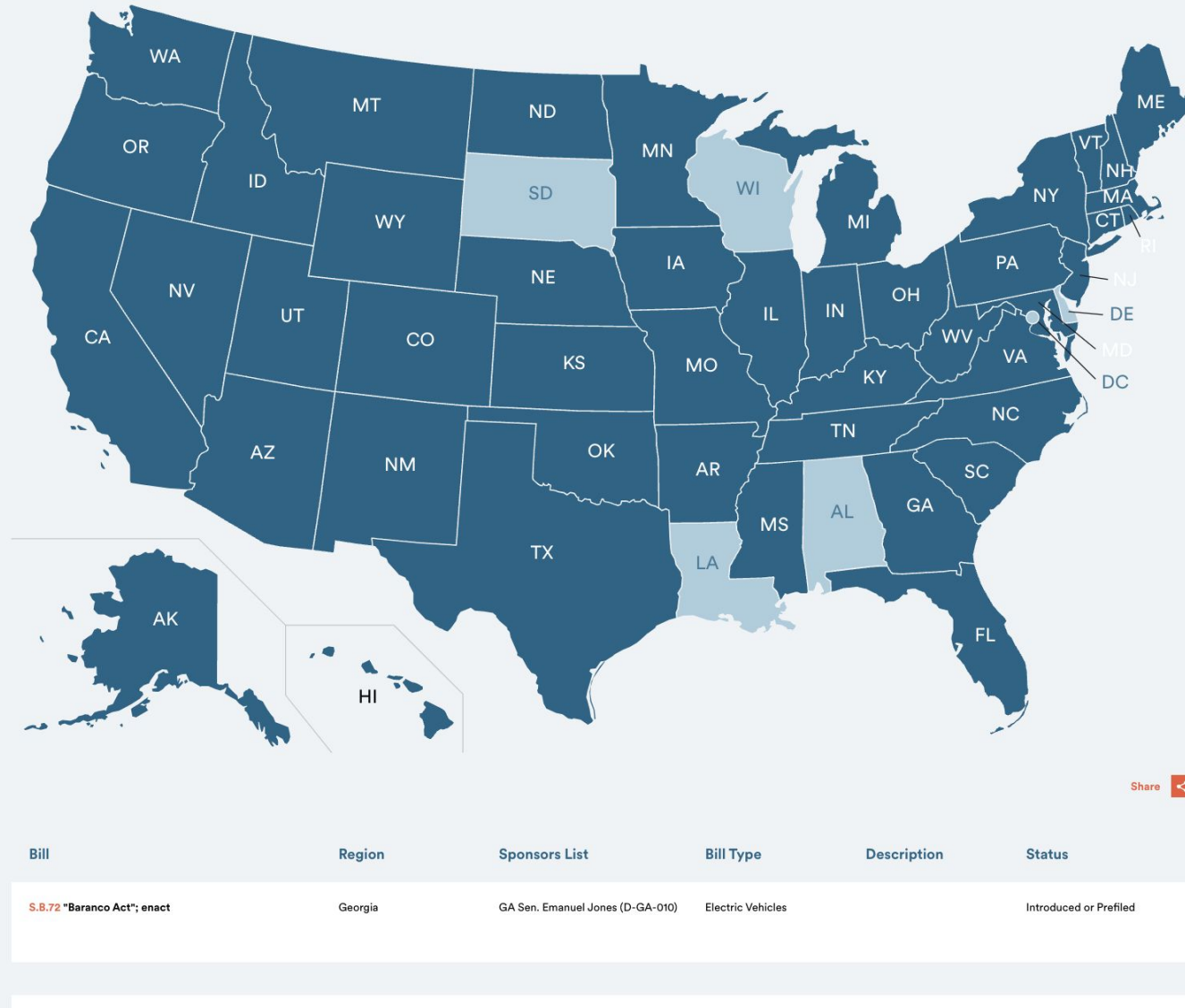


**Environmental
Health**



Oceans

Interactive Bill Tracking Map



Implementation Year - How Are Targets Going to be Met?

- **New York** - Climate Leadership and Community Protection Act in 2019
- **Washington State** - H.B. 2311 in 2020
- **Vermont** - Vermont Global Warming Solutions Act in 2020
- **Massachusetts** - An Act Creating a Next Generation Roadmap for Massachusetts Climate Policy in 2021
- **Maryland** - Climate Solutions Now Act in 2022

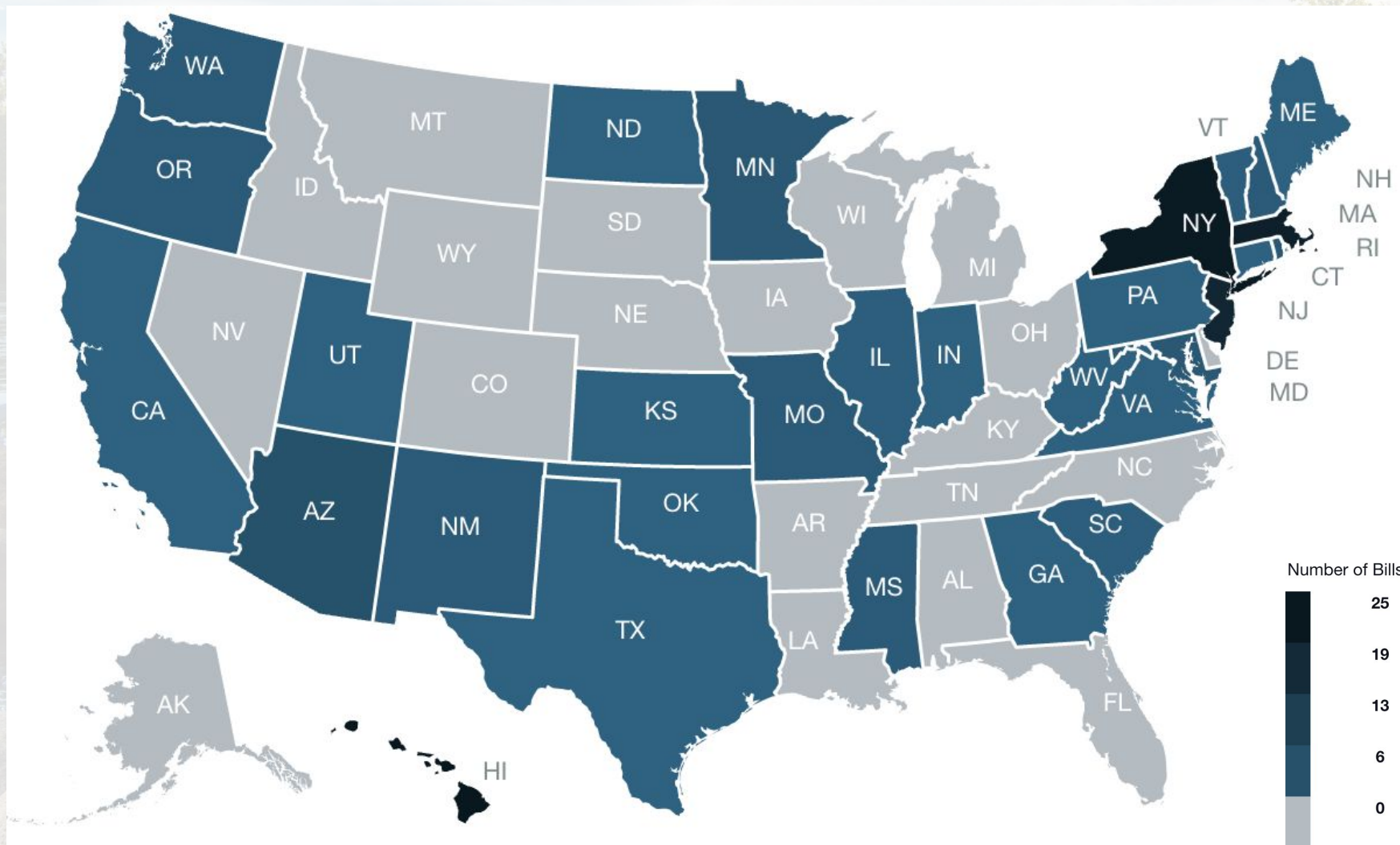
States w/ New Opportunities for Climate Action



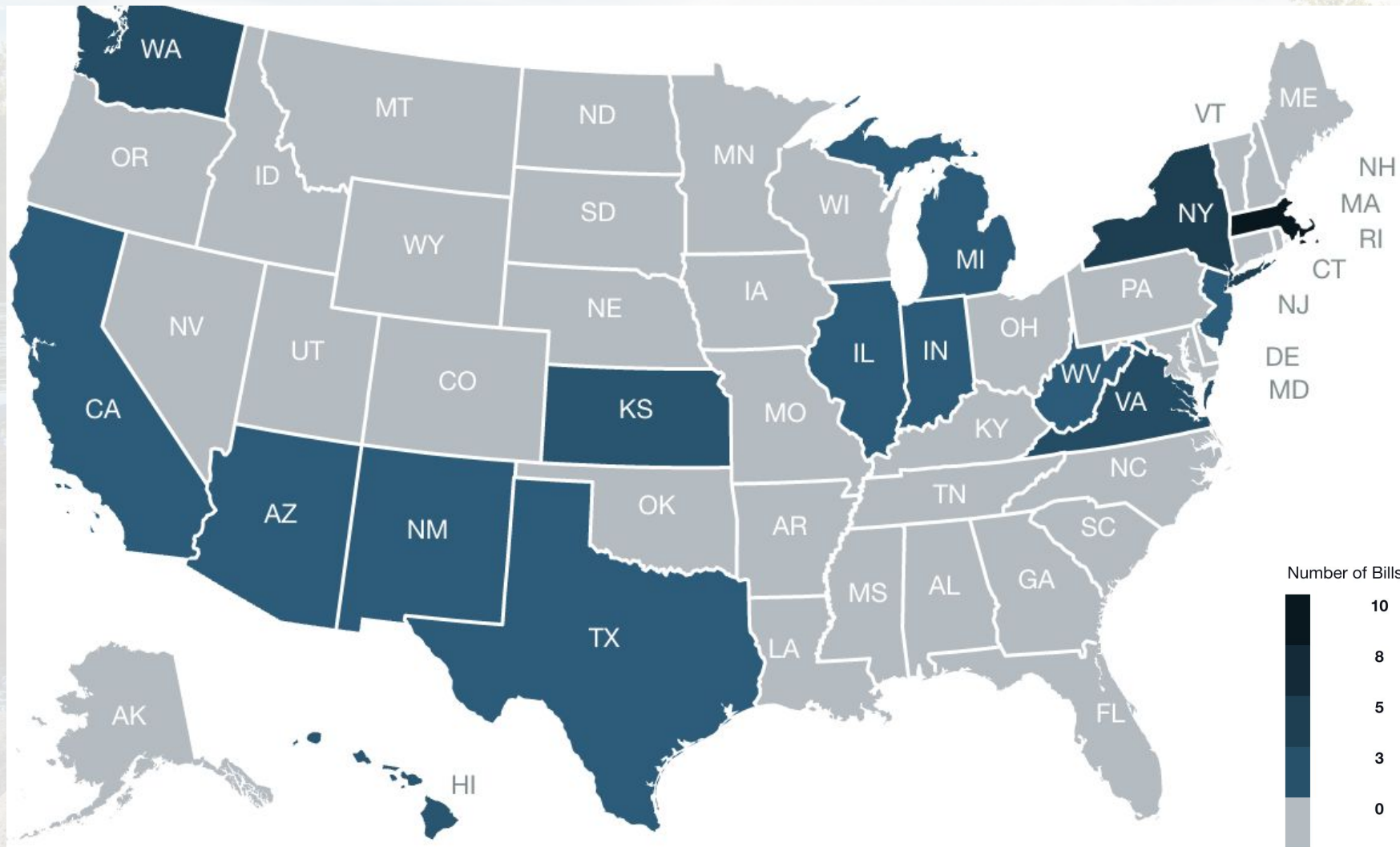
Federal Funding Impact on State Legislation



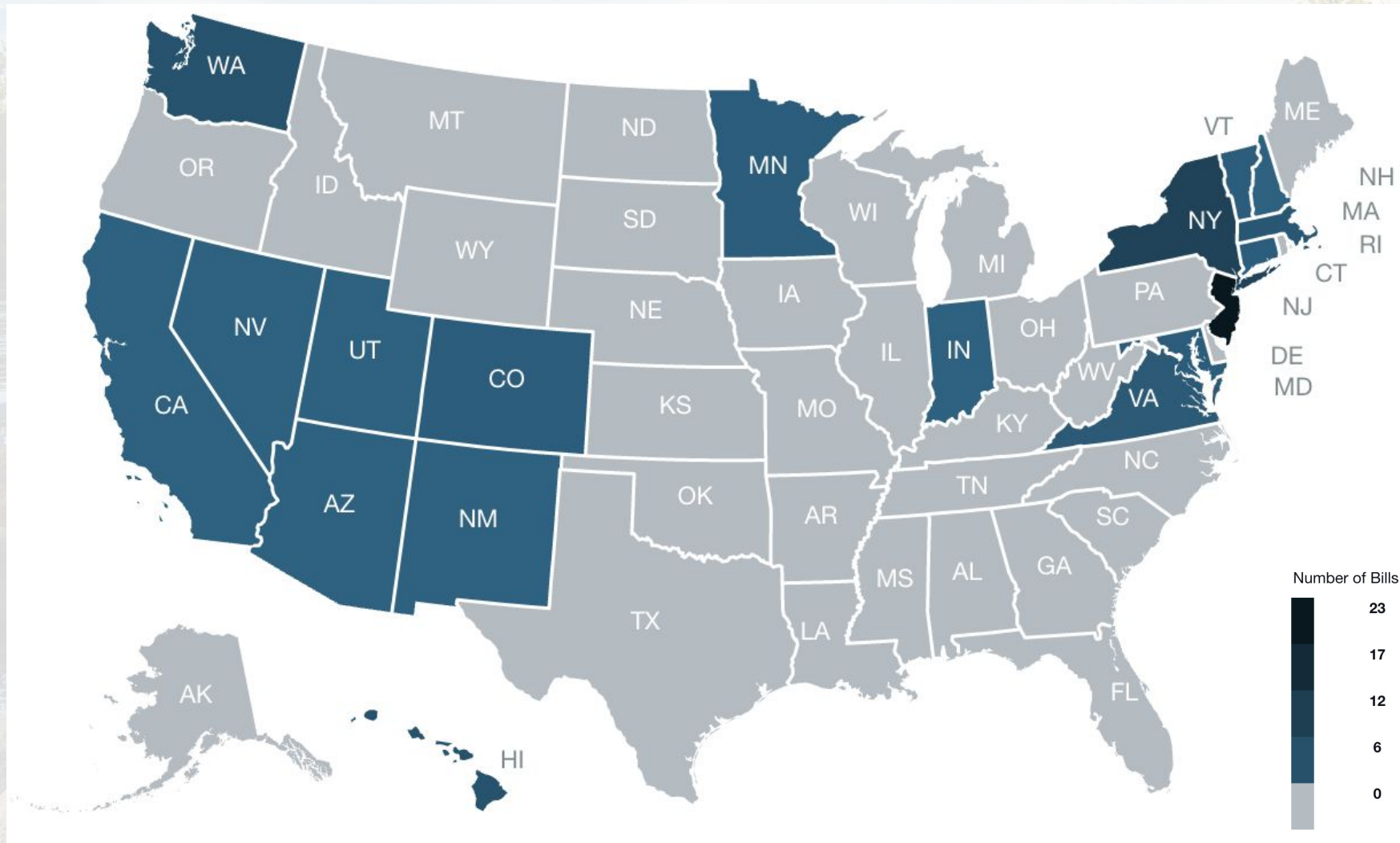
Electric Vehicles Tracking



Utility Reform and Grid Modernization Tracking



Building Decarbonization Tracking



Questions?

Ava Gallo, Climate & Energy Coordinator,
ava.gallo@ncelenviro.org

Speaker

Sam Ricketts



Co-Founder and Senior Advisor,
Evergreen Action and
Senior Fellow for Energy and Environment,
Center for American Progress

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How New Federal Climate Investments Empower the Next Generation of State Climate Leadership

Sam Ricketts

Senior Fellow, Center for American Progress
Co-founder/Senior Advisor, Evergreen Action
February 15, 2023

Federal Climate Progress both Follows & Supports State Leadership

- **President Biden's climate agenda, and the Inflation Reduction Act (IRA), borrowed significantly from state leadership**
 - Commitment to 100% clean electricity goal embraced by 22 states
 - New Greenhouse Gas Reduction Fund inspired by state and local Green Banks
 - Clean energy tax credits tied with labor standards
 - Prioritized investment in environmental justice
- **IRA—plus the Bipartisan Infrastructure Law and CHIPS & Science Act—can support the next generation of state, local and regional climate leadership**
 - IRA invests at least \$370B over the next 10 years - potential for much more
 - With BIL and CHIPS = Over \$500B in potential climate investment
 - State opportunities: Direct funding, private sector incentives, state discretion

New Federal Climate Investments by Economic Sector



Electricity

\$150B primarily via Clean Energy Tax Credits, DOE and USDA financing programs



Transportation

\$24B for EV Tax Credits in IRA
*\$45B+ in IIJA



Buildings

\$33B between IRA and IIJA - home/appliance rebate pgrms and tax credits



Industry

Over \$65B in IRA - clean manufacturing tax credits

\$23B in IIJA - Hydrogen, CCS, Batteries



Ag/Conservation

\$30B in IRA for Farm Bill Conservation Prgms, NOAA Marine Conservation, Western water resources
+more in IIJA



Environmental Justice

\$60B in IRA - EJ Block Grants, GHG Reduction Fund, Port electrification
\$65B in IIJA - Superfund, clean water



Good Jobs

Clean Energy Tax Credits promoting prevailing wage, apprenticeships, domestic content

Major Opportunity and Responsibility for States: 3 Ways

1) **Direct funding for states, e.g.**

- \$5 USDOT National Electric Vehicle Infrastructure (NEVI)
- \$9B DOE Home energy efficiency and appliance electrification rebates
- \$27B EPA Greenhouse Gas Reduction Fund (GHGRF)
- \$5B EPA Climate Pollution Reduction Grants

2) **Incentives, financing, partnerships that states can leverage to go further, e.g.**

- Clean electricity tax credits can accelerate state clean electricity requirements
- Opportunity to leverage DOE Loan Guarantee Program
- \$8B for Regional Hydrogen Hubs

3) **State discretion and responsibility** to use federal funding for low-carbon options, e.g.

- \$70 billion over next 5 years in USDOT Surface Transportation Block Grant program

States Continuing their Climate Leadership

- **Minnesota's new Clean Electricity Standard**
 - 100% by 2040—and 80% carbon-free power by 2030, supports good jobs, prevents waste incineration plants impacting EJ communities from qualifying
 - 16th state/territory to enact 100% carbon-free power requirement; 22 states have goal
- **At least 5 states considering Green Bank legislation**
 - New Mexico latest legislation to create a “Clean Investment Center & Fund”
- **States moving to ensure transportation investments are low-carbon**
 - California, Colorado, Minnesota moving to incorporate climate in transportation planning
- **New trifectas and potential state legislative opportunities**
 - Minnesota, Michigan, Maryland, Massachusetts

States Continuing their Climate Leadership (cont.)

- **New focus: Building decarbonization**

- California, Washington embraced appliance standards and building codes aimed at 100% zero-emission buildings
- Legislative activity too: NY, Mass, elsewhere

- **Implementation time!**

- Illinois Clean Energy Jobs Act; Maryland's Climate Solutions New Act; New York's Climate Leadership & Community Protection Act; Washington's Climate Commitment Act

- **New trifectas and potential state legislative opportunities**

- Minnesota, Michigan — CES and LCFS
- Maryland, Massachusetts — Building on recent progress

Speaker

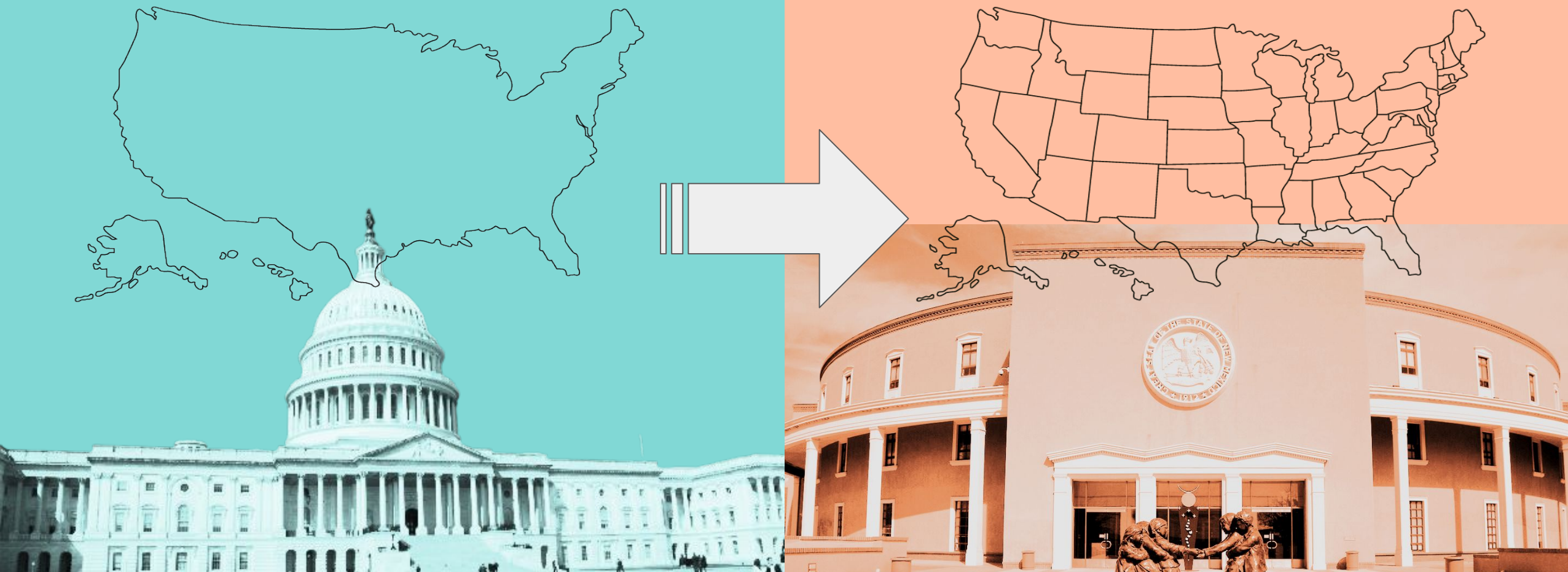
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CLIMATE FINANCE IN THE STATES



Climate change as a threat to the financial system

Physical Risks:

- Damages from floods
- Wildfires
- Drought

Wildfires: Burning Through State Budgets
Increased spending on suppression threatens fiscal stability and impedes cost-saving mitigation efforts
REPORT | November 30, 2022 | Read time: 39 min

Transition risks:

- Lost value
- Utilities
- Energy

Fiscal Year 2021 Revenues Below Pre-COVID Projections in Many States

State	Change in General Fund Revenues Compared to Pre-Pandemic Estimates
Alabama	-2.7%
Alaska	-37.0%
Arizona	4.6%
Arkansas	-3.5%
California	3.0%
Colorado	-9.8%

Under the Biden admin, federal climate financial regulation is taking shape



- Department of Labor: Climate risk
- SEC: Climate risk disclosure rule
- SEC: ESG standards
- Banking agencies (Federal Reserve, OCC, FDIC): Climate-related financial risk guidance
- Federal Insurance Office: Data collection for home property insurance

"Climate change is an emerging and increasing threat to America's financial system that requires action"

- Treasury Secretary Janet Yellen

How Republicans Are 'Weaponizing' Public Office Against Climate Action

A Times investigation revealed a coordinated effort by state treasurers to use government muscle and public funds to punish companies trying to reduce greenhouse gases.

The fossil fuel industry is organizing state treasurers.



WSJ

Florida's DeSantis Takes Aim at 'Woke Capital'

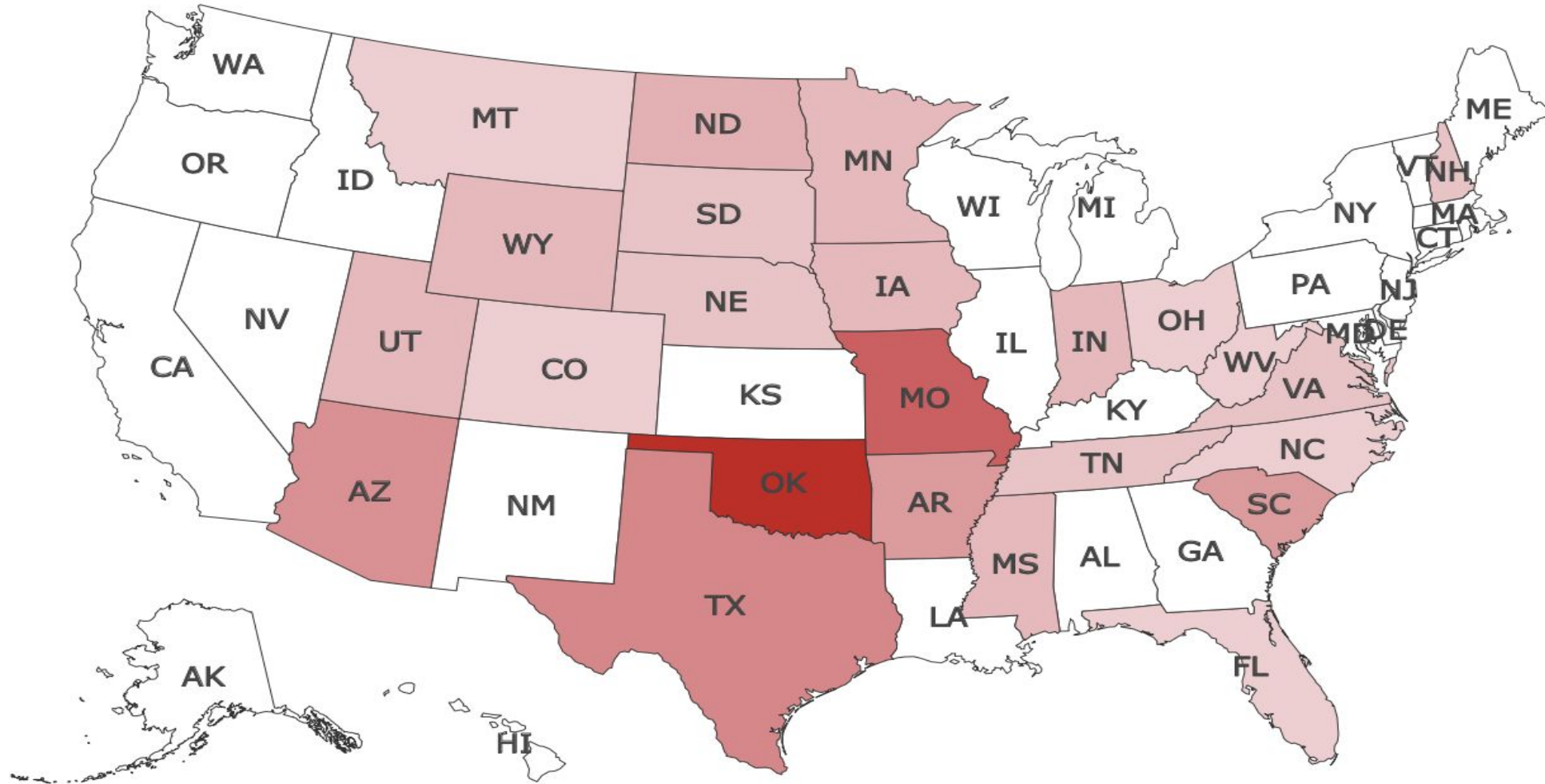
Gov. Ron DeSantis is proposing laws to take on what he calls the 'corporate elite' in the environmental, social and governance movement



“Americans who fill up their gas tanks, Second Amendment supporters, Soon to be retirees, Conservative Americans, Americans with strong held religious beliefs, and Victims of the Biden Border Crisis are ‘victims of ESG.’“

“Woke capitalism” is the next
frontier in the culture war

States are attacking climate financial regulation through a “war on ESG”



Total Bills: 95

Broad coalitions oppose anti-ESG bills

State	Additional Cost Estimate Range (in millions)
Kentucky	\$26-\$70
Florida	\$97-\$361
Louisiana	\$51-\$131
Oklahoma	\$49-\$49*
West Virginia	\$9-\$29
Missouri	\$32-\$68

Kentucky bankers: Daniel Cameron trying to create 'state surveillance system'

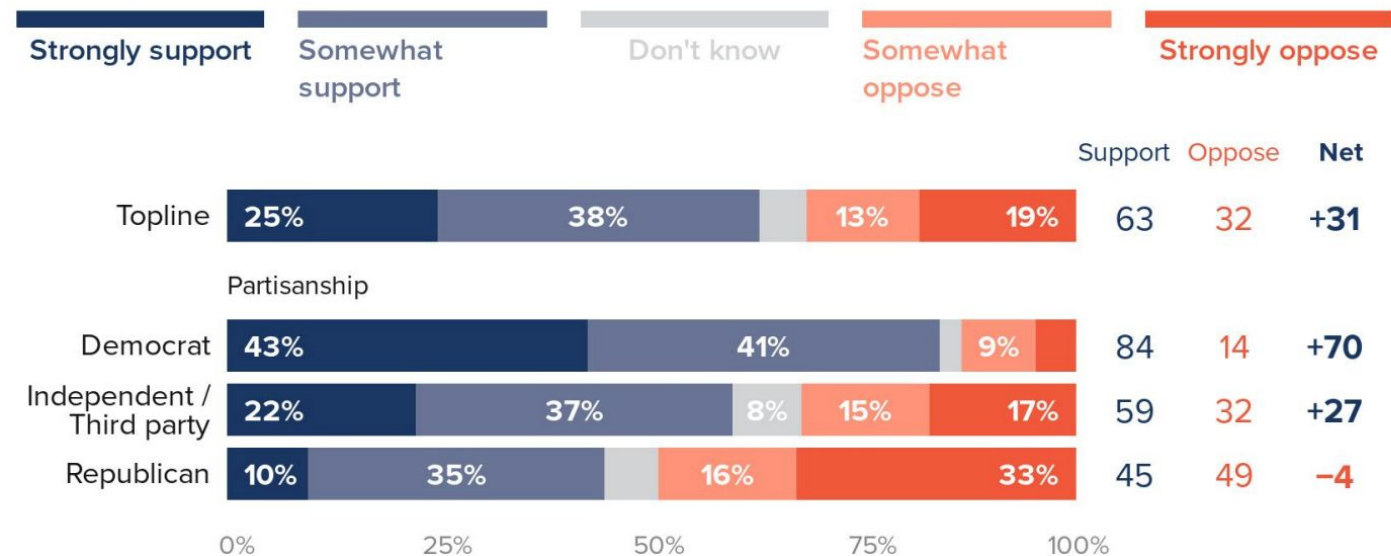
Anti-ESG pension bill could drop state pension returns \$6.7 billion in next decade

How to fight these bills:

Show that there are better alternatives

A Majority of Voters Support Investing Public Funds in Clean Energy Assets

Would you support or oppose **your state** investing public funds, including retirees' pension funds, in assets related to the **clean energy industry**, like wind and solar power?



September 16–21, 2022 survey of 1360 likely voters

DATA FOR PROGRESS

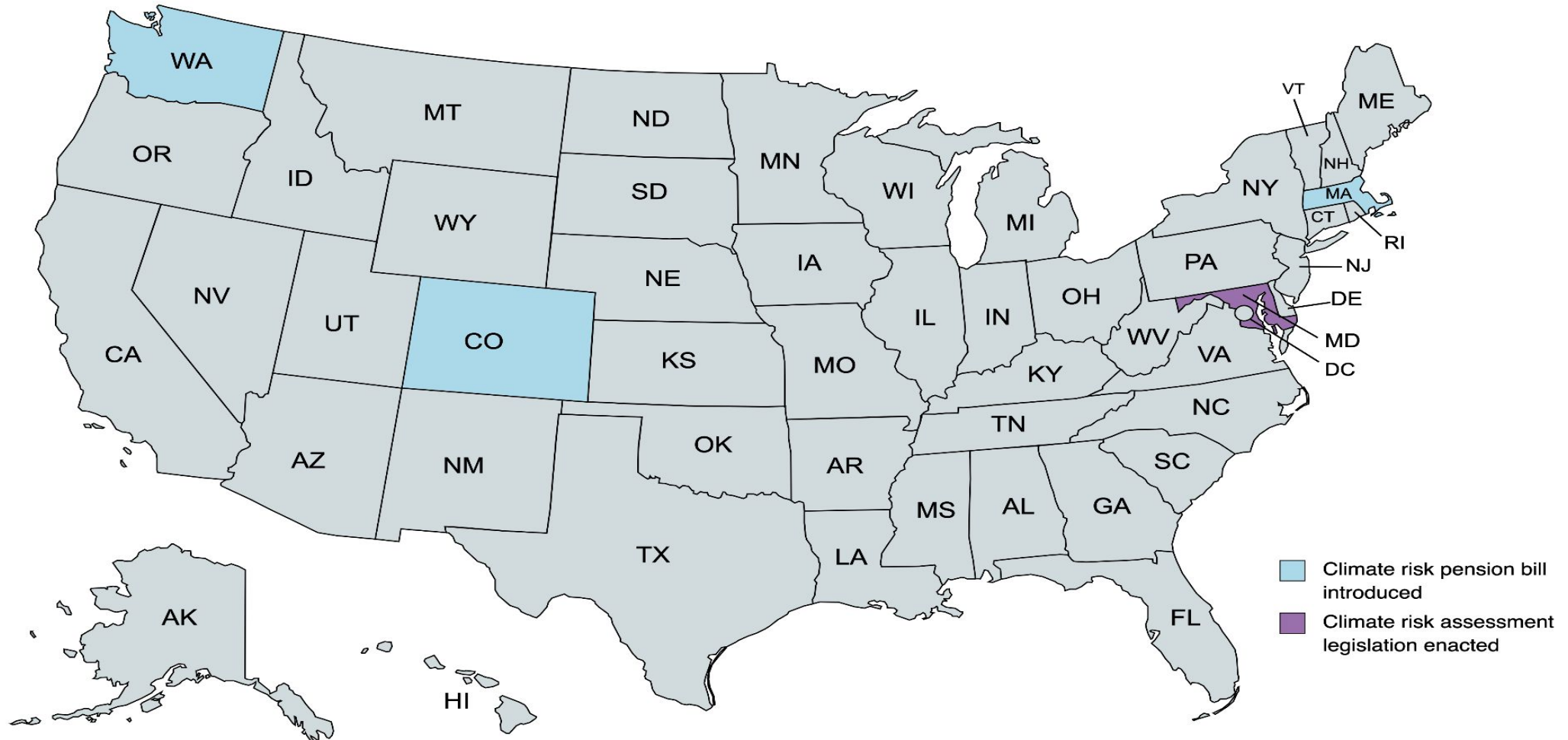
While voters may be hesitant to end all public asset investments in oil and gas, they widely support investing public funds in clean energy.

By a **+31-point margin**, voters support their state investing public funds in the clean energy industry.

Nearly all Democrats (**84 percent**), a majority of Independents (**59 percent**), and even **45 percent of Republicans** would support investing public funds in clean energy assets.



Climate financial progress lags



Strengthen fiduciary duty/ Require climate risk assessments

- Require state fiduciaries to conduct a climate risk analysis on state investment funds
- Embed climate risk analysis into proxy voting guidelines
- Vote for change at corporations that are not aligning their activity with climate goals



Q&A

Thank you for joining!

**Reach out to
kristen@climate-xchange.org with any
additional questions!**

