



## **This Week's Climate Policy Update | January 6 - 10, 2025**

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### **Final Push from Biden Administration to Further Climate**

#### **Objectives**

In the final days of his term, President Joe Biden has taken significant steps to solidify his administration's climate legacy. The administration finalized rules for various clean energy tax credits established under the Inflation Reduction Act. However, these rules, intended to stimulate clean energy advancements through 2032, face opposition from Congressional Republicans, who are considering scaling back or repealing the credits through budget reconciliation.

In another move, Biden withdrew 625 million acres of federal waters from future oil & gas leasing, leaving only the western and central Gulf of Mexico open for offshore drilling. This decision underscores his administration's commitment to addressing the climate crisis and protecting coastal communities. However, President Donald Trump has vowed to reverse this withdrawal, though legal and political hurdles could complicate his efforts.

### **Trump and GOP Prepare to Take the Reins**

As President Trump's top appointees await confirmation, he and Republican lawmakers are crafting a strategy to dismantle Biden-era climate and energy policies. During a Senate meeting on January 8, discussions centered on reversing Biden's offshore drilling ban, advancing the REINS Act to limit executive regulations, and pursuing a dual-track legislative approach to expedite priorities like tax cuts, energy production and border policies.

House Republicans, meanwhile, are set to launch oversight hearings into Biden's climate and energy spending, with a focus on programs like the \$27 billion Greenhouse Gas Reduction Fund. Lawmakers, including Rep. Brett Guthrie (R-KY) and Sen. Shelley Moore Capito (R-WV), aim to redirect unobligated funds from the Inflation Reduction Act toward Republican budget priorities, such as tax cuts and increased oil & gas production. Additionally, the Biden administration's guidance on the 45V hydrogen production credit, which prioritizes green hydrogen but also includes nuclear and carbon capture projects, may face revisions under Trump's leadership to create a more industry-friendly framework.

Trump's planned Day One energy offensive includes executive orders targeting electric vehicle regulations, natural gas exports and the reopening of the Arctic National Wildlife Refuge (ANWR) for drilling. Additionally, Trump plans to initiate the year-long process of withdrawing from the Paris Agreement, which European Union (EU) officials have warned would severely undermine global climate efforts amidst growing gaps in climate finance. These actions reflect a stark policy shift, as Republicans seek to prioritize traditional energy production while rolling back Biden's climate objectives, signaling a contentious battle over the future of U.S. energy policy.

## **State Level Action**

California continues to lead the way in progressive clean energy policies, with the Biden administration's hydrogen tax credit rules providing the state greater flexibility to accelerate hydrogen adoption amidst faltering investments in the sector. The state also received a final batch of federal Clean Air Act approvals to enforce their air quality emissions regulations for harbor vessels and small off-road engines (SORE). Ahead of new Environmental Protection Agency (EPA) leadership, California rescinded its two remaining waiver requests for in-use locomotives and transport refrigeration units, as well as its already approved Advanced Clean Fleets rule which would have phased out diesel trucks.

In contrast, Republican-led states like Texas and Utah are challenging federal licensing requirements for small modular reactors (SMRs), arguing that these regulations hinder energy innovation and economic development. Meanwhile, carbon markets are set for significant changes in 2025, including a United Nations (U.N.)-run market and efforts by California and Washington to merge their programs, reflecting ongoing efforts to stabilize compliance costs and extend clean energy initiatives. Together, these developments highlight the diverse approaches states are taking to navigate complex energy and climate challenges.

## Attachments

Read the most recent climate policy update [here](#)

## Categories

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