US Energy and Climate Policy Outlook

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Bruegel, Brussels, Belgium
US Energy and Climate Policy Has Entered Uncharted Territory

“Under my presidency, we will accomplish complete American energy independence.”

An “America First” energy plan...

Told New York Times he would be willing to ban the import of Saudi oil to the United States

“We’re going to cancel the Paris Climate Agreement”

“We’re going to rescind all the job-destroying Obama executive actions including the Climate Action Plan”
Key Energy and Climate Policy Issues to Watch

**Dismantling of Obama-era climate policies**
Rolling back the Clean Power Plan likely, Paris Agreement uncertain

**A “bonfire” of regulations**
Regulation of existing wells (e.g. methane) less certain post-election

**Renewable investment and production tax credits (ITC/PTC)**
Uncertain future for the main federal support scheme for solar and wind energy

**Reviving the coal industry**
Unclear how to fulfil this promise absent drastic policy interventions

**Leasing on federal lands**
Expansion of oil, gas and coal leasing, and Arctic drilling?

**Fuel economy and biofuel standards**
EPA locked in existing GHG standards at last minute, uncertain future for the RFS

**Federal permitting of pipeline projects**
Express support for controversial oil pipelines, but FERC currently lacks quorum

**Energy exports**
Anti-trade rhetoric and environmental activism pose downside risks
CPP compliance period only to start in 2022, repeal would only have measurable impact on US electricity mix post-2020

- CPP removal could hit gas more than renewables, coal-fired generation may be the main beneficiary
Bringing Back Coal Jobs May Be An Elusive Goal

US Coal Mining Employment
Thousands of persons

- The decline of Appalachian coal started decades ago
- Employment decline is primarily driven by structural factors (e.g. automation of mining processes)
- Expensive deep pit mines in Appalachia will likely remain uncompetitive
- Competition from cheap shale gas and renewables make a coal revival highly unlikely

Source: St. Louis FED, U.S. Bureau of Labor Statistics
Renewables Increasingly Enjoy Bi-Partisan Support

Top 10 US States by Wind and Solar Capacity (as of late 2016)
Net summer generating capacity, megawatts

<table>
<thead>
<tr>
<th>Wind Capacity</th>
<th>MW</th>
<th>% of total</th>
<th>2016 vote</th>
<th>Solar Capacity</th>
<th>MW</th>
<th>% of total</th>
<th>2016 vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>19,424</td>
<td>26%</td>
<td>Rep</td>
<td>California</td>
<td>14,219</td>
<td>45%</td>
<td>Dem</td>
</tr>
<tr>
<td>Iowa</td>
<td>6,299</td>
<td>8%</td>
<td>Rep</td>
<td>Arizona</td>
<td>2,528</td>
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<tr>
<td>California</td>
<td>5,727</td>
<td>8%</td>
<td>Dem</td>
<td>North Carolina</td>
<td>1,904</td>
<td>6%</td>
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<tr>
<td>Oklahoma</td>
<td>5,451</td>
<td>7%</td>
<td>Rep</td>
<td>New Jersey</td>
<td>1,729</td>
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<tr>
<td>Kansas</td>
<td>3,847</td>
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<td>Rep</td>
<td>Nevada</td>
<td>1,431</td>
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<td>Dem</td>
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<tr>
<td>Illinois</td>
<td>3,800</td>
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<td>Dem</td>
<td>Massachusetts</td>
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<td>4%</td>
<td>Dem</td>
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<tr>
<td>Minnesota</td>
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<td>5%</td>
<td>Dem</td>
<td>Utah</td>
<td>858</td>
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<td>Oregon</td>
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<td>Texas</td>
<td>820</td>
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<td>Rep</td>
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<tr>
<td>Washington</td>
<td>3,073</td>
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<td>Dem</td>
<td>New York</td>
<td>814</td>
<td>3%</td>
<td>Dem</td>
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<tr>
<td>Colorado</td>
<td>3,023</td>
<td>4%</td>
<td>Dem</td>
<td>Georgia</td>
<td>681</td>
<td>2%</td>
<td>Rep</td>
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<tr>
<td><strong>Top 10 total</strong></td>
<td><strong>57,252</strong></td>
<td><strong>75%</strong></td>
<td></td>
<td><strong>Top 10 total</strong></td>
<td><strong>26,295</strong></td>
<td><strong>84%</strong></td>
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<tr>
<td><strong>US total</strong></td>
<td><strong>76,126</strong></td>
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<td><strong>U.S. Total</strong></td>
<td><strong>31,258</strong></td>
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</tbody>
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Source: EIA Electric Power Monthly
US State Renewable Portfolio Standards

Source: Barclays Research  (current as of October 2016)
Thank you!

For more information contact

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