

Climate Policy in 2025 and Beyond

Scenario Mapping & Philanthropic Levers for Impact

January 2024

Table of Contents

I. Research Inputs	3
II. Summary and Key Takeaways	4
III. Climate Landscape: Potential Implications	10
IV. Potential Levers for Impact and Example Interventions	22

Research Inputs

Through interviews and research conducted September through December 2023, the project explored potential impacts of different election outcomes on key issues of interest. The full research included:



**Analyzing more than
100 different
reports, articles, and
think pieces**



**Reviewing over 100
federal bills, rules, and
programs, with distinct
focus on those up for
renewal or expiration
post-2024**



**Internal review and
analysis of landscape,
including leveraging
expertise in Congress,
administration, and
agencies**



**Interviews with over 20
government, industry,
and issue experts to
date to supplement
desk research**

Summary and Key Takeaways

Relevant Historical Context: Risks of Being Unprepared

Stakeholders haven't always been prepared for every outcome – leading at times to chaotic (and sometimes ineffective) scrambling to catch up



U.S. Developments

Following unexpected Trump win in 2016, we saw:

- **Rise in new NGOs** focused on emerging and neglected climate issues, and the intersection of climate and democracy/governance – though **with some duplication and inefficiencies**
- Advocacy **groups pursuing their goals independently** as federal government programs got cut/rescinded, along with greater state and local level coordination through organizations like the U.S. Climate Alliance
- A simultaneous combining of the left and center, and **growing divide between partisan extremes continue to drive tensions**



Global Developments

National governments are increasingly engaged in multilateral climate discussions. Relevant dynamics include:

- **Notable absences from climate events**, like the absence of President Biden and Chinese President Xi Jinping from COP28, raise uncertainty about future climate commitments from the world's largest emitters.
- **Public demonstrations at international climate gatherings** like recent COP summits, demanding climate reparations and raising awareness about the human cost of climate change
- **Climate deniers are being elected**, such as the Netherlands' Wilders, whose party platform says that all climate policy will go "straight into the shredder"

For Reference: Current Electoral State of Play

The outcome of a few key races in the House and Senate and the ever-changing dynamics of the Presidential election could significantly alter the Government's approach to addressing pressing issues.

- Due to ongoing Supreme Court trials, international conflicts, and the possibility of more candidates joining the race, it is unclear how the electoral state of play will evolve from the primaries to the general election.
- Partisan control of the Senate and the House will likely be by small margins in either direction, hinging on a few key toss-up races.
- The Republican primary race is ongoing, however Donald Trump has remained the frontrunner throughout.
- Third party candidates could siphon off votes in swing states, potentially tipping the election in a close race.

The numbers* are constantly evolving but currently there are:

24 toss-up races in the House

3 toss-up races in the Senate

**seat ratings according to Cook Political Report, last updated on 12/30/23 (House) and 11/30/23 (Senate)*

Key swing states to watch in 2024 include:

Nevada, Michigan, Arizona, Georgia, Pennsylvania and Wisconsin

Outcome Scenarios and Potential Dynamics

Democratic White House

Democratic Trifecta: Finishing the Job

Maximizing impact of authorized funds, completing rulemakings, retaining talent.

Divided Government A: Fighting for Every Inch

Blocking certain legislative action, resisting nominee confirmation, increasing scrutiny.

Republican White House

Divided Government B: Grind to a Halt

Reversing Biden's policy priorities, slowing implementation, seeding bipartisanship.

Republican Trifecta: Rolling Back Wokeness

Halting deployment of funds, rolling back climate legislation, increasing isolationism.

Democratic House/Senate

Republican House/Senate

Additional Potential Factors

- Dynamics could shift given other major factors, including:
 - Natural disaster
 - A new pandemic
 - An economic recession
 - Oil price fluctuations
 - Fallout from major international conflict
- Potential for specific policy priorities to stall in the event of a direct threat to major institutions (military, DOJ, others) due to controversies over the administration or results of the 2024 election

Outcome Scenarios and Potential Dynamics



Competing priorities with limited fiscal space

Big spending this congressional term, high interest rates, and budget caps leave little room for more spending next term, and significant pressure to cut.



Pressure to roll back policy agenda, though some legislation more durable than expected

Many expect the IRA and other federal investment implementation to halt under various scenarios. However, some experts maintain that most of the IRA and its tax credits are likely durable regardless of who holds power in a future administration and Congress.



Government talent and staffing at risk, stalling implementation

Proposals of major changes and cuts to the federal civil service under a new administration, which would make implementing programs difficult and slow down rulemaking and regulation; staffing in a second Biden administration would also be at risk due to a “brain drain” and potential decelerated nominations process.



Deregulatory efforts can halt efforts to advance issue-based work

Dismantling of regulations before they've been finalized, along with inability to efficiently distribute funds from current programs, could stall progress.



Polarizing messaging can influence stakeholders; slow progress

Constant polarizing messaging impacts public opinion and will for action, which could be exacerbated by waning consensus from either party for interventionist policy on climate.

Areas of Consideration for Philanthropy

How might philanthropies consider preparing for these possible scenarios?

- ❖ **Defensive/Risk Mitigation Strategies:** Identify greatest areas of potential risk in 2025+, and consider avenues for building capacities that may be needed in advance of potential threats to key priorities
- ❖ **Offensive/Proactive Efforts:** Identify and consider strategies that can help lay the groundwork needed to capitalize on potential opportunities to advance key priorities that might result in 2025+
- ❖ **Ongoing Monitoring:** Track how the scenarios play out, and consider updating analysis closer to November 2024 to understand if particular outcomes or policies seem more or less likely
- ❖ **Collaboration:** Consider if there are other stakeholders or allies that may be worth sharing key insights with, including to understand where opportunities exist to align planning and efforts

Climate Landscape: Potential Implications

Climate: Overview

Current State

Implementation of BIL, IRA, and CHIPS is Key

- High priority for remainder of the Biden administration is to implement and protect programs, particularly those like the IRA clean energy tax credits, funding for grid reliability and interstate transmission lines

Timing Matters

- The funding distribution and rulemaking processes for these programs all take time, and the administration will likely roll out additional rules and regulations in spring 2024, ahead of the Congressional Review Act (CRA) deadline

Projected Impact

- If all programs are successfully implemented, DOE predicts the U.S. would be able to reduce carbon pollution by 40% (out of a 50% goal) by 2030

*"We [the Department] are really lucky, because we have unprecedented funding through the BIL and IRA to support a clean energy agenda. However, even given those historic resources, **it's still not going to be enough to hit our goal of 50% carbon emissions reduced by 2030..**"*

- Interviewee, Federal Government Official

*"The lower you go in politics, the less information politicians in either party have about these complicated energy issues. **I don't know who will win but it will definitely mean more work and opportunity at the state and local level.**"*

- Interviewee, Clean Energy Advocate

Climate: Overview

2025 +

Federal and State Policy Interaction

- State and local governments have and will continue to play a major role in competing for and implementing federal climate and clean energy investments.

Future of BIL, IRA, and CHIPS

- Focus will be on quickly committing dollars and implementation – due to discretionary budget caps and high interest rates, the next Congress will likely not have space to pass significant new funding on climate and may scrutinize impacts of existing programs/investments

Program Reauthorizations

- Several climate-related programs in bills are up for reauthorization in 2025 or later, including the Conservation Reserve Program (CRP) in the Farm Bill

*"There has been a lot of work to communicate and sell around the IRA, and it's been great. **But there is no comparable plan around the [climate] regulatory agenda.** It's a monster of an agenda, and you're not giving away stuff, you're telling people what they can't do.."*

- Interviewee, Clean Energy Advocate

*"I think anything that focuses on reshoring the clean energy supply chain from critical minerals on up will be really popular. **Anything to take that from China and make it American made will be really important ...** One of the main benefits we will see from IRA implementation is that all of these technologies will be very attainable for rural [and conservative] counties."*

- Interviewee, Clean Energy Advocate

Climate: Dynamics Across Scenarios

*Republican Control of
House/ Senate*

Divided Government A

- A Democratic White House will seek to finish implementation of BIL and IRA, including fully staffing relevant agencies
- Congressional Republicans may be willing to advance some narrow climate related legislation, especially if there is outside impetus to do so (i.e. natural disasters)
- Executive action on rulemaking and emission standard setting vulnerable to review

Republican Trifecta

- Republicans will likely try to roll back and limit the impact of BIL, IRA, and other climate legislation; this includes tightening limits on tax credits, restricting loans and grants, and revising the IRS rules
- Republicans likely to increase offshore drilling as an alternative to investments in mitigation/clean energy
- Low salience issues (grid modernization, wildfire policy) could be at risk to the extent easily jettisoned concessionary cuts are needed for deal making

*Democratic Control of
House/ Senate*

Democratic Trifecta

- Democrats flagged the climate change crisis as one of their top priorities; under a trifecta, they are likely to push a comprehensive set of climate policies
- Democrats will make every effort to maximize impact of Biden climate legislation; however, Democrats would still be operating with limited fiscal space and may prioritize regulatory measures over spending

Divided Government B

- A Republican administration will likely not prioritize agency staffing, affecting implementation
- Democrats may work to advance climate sub-issues that may have more bipartisan support, like wildfire management transparency and geothermal energy
- Sen. Manchin's absence may reduce bipartisan cooperation for issues like permitting reform

Democratic Control of White House

Republican Control of White House

Scenarios Analysis and Potential Impacts

	<i>Democratic Trifecta</i>	<i>Divided Government A (Democratic White House)</i>	<i>Divided Government B (Republican White House)</i>	<i>Republican Trifecta</i>
Limited Fiscal Space	Moderate: Prioritization required for climate investments	High: Major investments are unlikely barring a crisis; contentious budget negotiations	High: Major investments unlikely barring crisis; contentious budget negotiations	High: Cuts to key climate programs are likely
Rollback of Key Legislation	Low	Moderate: IRA credits are sticky, but some programs are vulnerable in reconciliation	Moderate: Democratic Senate could defend funding; White House likely to demand steep cuts and roll back regulations	High: Cuts to any funding not enshrined, complete dismantling of emissions standards progress
Government Talent and Staffing	Low-moderate: Some typical brain drain from departing employees	Moderate-high: Brain drain and a Republican Senate could block appointments	High: Executive agencies are understaffed and hostile to climate and foreign aid goals	High: Significant civil service cuts; hostile political appointees
Deregulation	Low	Moderate: White House can continue executive action; Congress may reject rules	High: Repeal of Biden-era executive orders; congressional action to relax standards	High: Repeal of Biden executive orders; high risk of regulatory capture
Opposition Messaging	Low-moderate: Senate margins could affect scale of intervention	Moderate-high: Likely low congressional support for mitigation efforts or funding	Moderate-high: White House bully pulpit against action; disengagement from international emissions efforts	High: White House and congressional action likely to align with opposition efforts

Avenues for IRA Rollback

Under a divided Congress, there are a number of avenues for Congress to roll back IRA funding – many of which are already underway.

Increasing Congressional Oversight

MOCs who oppose IRA are slowing down the implementation of IRA loan and grant programs by issuing oversight requests to their administering departments. The departments conduct post-selection reviews in response to these requests which hinders their ability to move the programs forward.

Passage of Key Bills

Farm Bill: Republicans in the House Agriculture Committee proposed cutting **\$15 billion** in IRA funding to fund other bipartisan priorities in the Farm Bill. This initiative has won some support among Democrats on the Committee, meaning a roll-back is likely heading into 2024.

Appropriations Bills: House Republicans used the 2024 appropriations process to try and slash spending on climate programs, proposing **over \$20 billion** in IRA funding cuts. Democrats have voiced their opposition to these cuts and discord over IRA funding is sure to complicate appropriation negotiations.

Debt Ceiling Bill: The proposed House debt ceiling bill rolled back a number of IRA tax credits that fund renewable energy projects. These credits will likely be at risk again when another debt ceiling debate takes place in 2025.



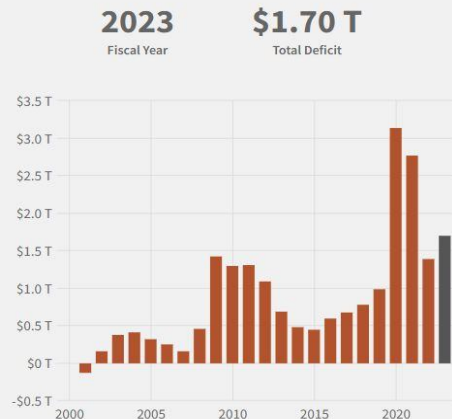
Dynamics in Practice: Limited Fiscal Space

Limited Fiscal Space

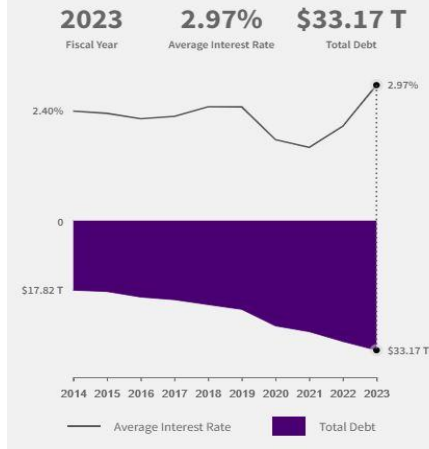
- Budget caps and high interest rates on debt creates little room for new spending and pressure to reduce deficit under any scenario
- Negotiations on debt ceiling raises, federal budget, and other must-pass legislation all will be used as leverage points for concessionary cuts
- Policy changes likely to be low or no-cost

"I think with a divided government the era of spending big on things is over, absent a crisis like COVID...If there is something we spend big on it's going to be driven by a crisis." - Interviewee, Federal Government Expert

Federal Deficit Trends Over Time, FY 2001-2023



Interest Rate and Total Debt, 2014 - 2023



Dynamics in Practice: Rollback of Key Legislation

"Politicians on all levels go after what they think their constituents want. What I like about the IRA is the credits for reshoring the American industry. I don't talk about the credits for EVs because that doesn't get people excited – conservatives don't like mandates."
– Interviewee, Clean Energy Advocate

"A lot of BIL and IRA funding was done through advanced appropriations and is relatively locked."
– Interviewee, Federal Government Official

IRA, BIL, and CHIPS Rollback

- Rulemaking and program implementation could stall out
- No 60-vote majorities, making it unlikely to see a major repeal in any scenario without eliminating the filibuster
- Most tax incentives are potentially safe
- Items subject to reconciliation (with budget implications) are potentially at play, especially controversial items that are controversial (i.e. EV credits) and to non-salient items that are easily jettisoned (i.e. wildfire funding)



Dynamics in Practice: Government Talent & Staffing



Cuts to Civil Service

- Significant government staffing challenges are possible in several future scenarios, due to uncertainty during transitions and differing views on the size and role of the civil service.
- Some more niche but critical issues require experience that could affect policy implementation.



Leveraging Civil Service

- A second Trump term would be more ready to staff government than new administrations typically are, given lessons learned and bench built following Trump's first term.
- Second Biden term may be limited in ability to use IPAs for staff on critical issues like climate, tech.



Brain Drain

- Agencies currently have the staff to move forward climate priorities; however, in a second Biden term, many might leave and appointments could be blocked by the Senate.
- There is a need for hiring reform to bring in more talent with specific skill sets, such as technical/technology talent

"Lack of continuity of leaders undermines efficiency and election cycles are the most dramatic version of that."

- Interviewee, Federal Workforce Expert

Dynamics in Practice: Polarizing Messaging

"Climate is part of the culture wars unfortunately, so anything that seems like climate gets caught in the culture war. Clean energy, while it can still be a lighting rod, there is a little bit more room for consensus, especially as we try to make the case that it's about our economic future."

- Interviewee, Federal Government Expert

"When the right pushes back [on climate policies], especially with affordability issues, it's a big problem especially with our economy. The case has to be made that this can be done in an affordable manner"

- Interviewee, Political Expert

Polarizing Messaging

- Messaging from those who are resistant to efforts to mitigate climate change has had a negative impact on public opinion and stalled progress even with the incentives in legislation.
- Example: Fox News has run more than 55 segments over the past year linking whale deaths to offshore wind turbines, a claim that has been labeled false by NOAA yet has still become a central point for some campaigns in coastal states.
- Messaging/advocacy related to presenting offshore drilling as a necessary alternative to clean energy may also stall progress



Dynamics in Practice: Deregulation

Deregulation on Climate Issues

- Many climate regulations may not be finalized before the next administration begins, making them likely “dead on arrival”
- Additionally, recently issued regulations might still be subject to congressional review (CRA) and could be undone
- Fully finalized regulations — including climate regulations which may be rolled out in spring 2024 — are subject to litigation, which can overturn or delay rules potentially rendering them useless

“There are some big climate policy cornerstones that the administration is going to roll out in the spring. If we get it rolling out in March or April 2024, they [Republicans] are going to run to the courthouse. So will there be a window of time to fully address litigation, and we will see how much time there is for that back and forth process to unfold.”

– Interviewee, Clean Energy Advocate

“...the Biden administration could not pick up where the Obama administration left off. Thanks to the goals it set for emissions reductions, the Clean Power Plan was a time-sensitive rule, and being derailed for four years would have rendered the original rule meaningless or required it to be rewritten with a restructured timeline.”

– Brookings case study on prior Trump-era deregulation

Climate: Implications

Common Themes

- Potential for rollbacks, weakening of Biden-era climate legislation, and/or reducing the efficacy of key agencies
- Key to fully implement and protect climate-related programs under the current administration
- Communities are struggling to quickly identify how they can use federal funds

Needs & Opportunities

- Greatest bipartisan opportunity potentially around low-salience issues that aren't necessarily viewed as climate issues (i.e. wildfires, grid modernization)
- Risks around messaging and bringing in new stakeholders while not losing anchor ones (i.e. on permitting reform)

Possible Levers for Impact

- Investing in communications and narrative change
- Ensure a strong talent pipeline for key roles, especially experts in tax policy and law for programs like the IRA clean energy tax credits
- Research and development for new climate mitigation technology

Additional Factors

- Messaging and tradeoffs for building a sustainable bipartisan coalition on targeted climate issues
- The impact of outside events on political will for action (massive grid outages, natural disasters, wildfires)
- Full impact of Sen. Manchin not running for re-election in 2024

Potential Levers for Impact and Example Interventions

Roles for Philanthropy

For philanthropic stakeholders interested in supporting continued progress on a range of climate-related issues, efforts to prepare for potential post-2024 scenarios should focus on:

- Defensive Needs: Helping make policy gains more durable over long-term
- Proactive Needs: Promoting further policy progress where possible

Three key areas of focus to advance durability and continued progress include:



Implementation

Defend and advance efficient implementation to maximize funding out the door or otherwise committed prior to potential roll backs.



Messaging & Narrative Change

Win the narrative and messaging battle to build stronger public support and change political dynamics around existing and future policies.



Policy Development and Advocacy

Build the ideas and coalitions to advance key policies today and across different future political environments.



Roles for Philanthropy: Implementation

Challenge: Policies and programs are harder to roll back once rules are finalized, projects are permitted, or funding is committed, but these processes are slow and subject to capacity constraints and other barriers.

Potential Tactics:

1. **Accelerate and/or jump start climate/clean energy projects** by providing gap funding that can help de-risk projects on the margins to promote or accelerate ground-breaking
2. **Support quiet advocacy/messengers** within government to implement projects/secure additional funding
3. **Advocate for faster rulemakings** and funding decisions (i.e. public and private advocacy efforts, including supporting messengers for within government)
4. **Advance permitting/launch of new projects** by supporting agency capacity, including through external TA or details/IPAs
5. **Invest in talent development and bench building** to prepare for expected staffing departures in a second term and/or to develop expert talent for a new administration
6. **Support on-the-ground implementation work**, including community engagement strategies and partnership development
7. **Strengthen field litigation capacity** to ensure groups have needed capacity to defend existing rules/regs in expected litigation war

"There are a number of aspects [philanthropy] can engage with, including quiet advocacy pushing the administration to get more money out the door. There's a difference between a press release about companies and making it happen."

- Interviewee, Energy Policy Expert



Roles for Philanthropy: Messaging & Narrative Change

Challenge: Many experts believe climate advocates are losing the narrative battle, as fossil fuel industry voices remain powerful and anti-climate messages are driving public opinion and scoring political points.

Potential Tactics:

1. **Develop stronger centralized field communication campaign capacities**, potentially via a “war room,” to better combat opposing strength and combat misinformation
2. **Cultivate and elevate new/different voices**, including clean energy industry voices as industry counterweight to oil & gas; elevate ideologically diverse clean energy voices
3. **Invest in proactive, dedicated communications campaigns** to promote IRA jobs and economic benefits, with a focus on lifting up successes in strategic regions/states
4. **Engage in message development and testing** to identify what resonates most with voters across the ideological spectrum

“Clean energy businesses were instrumental in making permitting reform happen... You want to figure out how to make these businesses have a political footprint that is equal to their economic footprint.”

- Interviewee, Clean Energy Advocate



Roles for Philanthropy: Policy Advocacy

Challenge: A new administration or congress could potentially roll-back existing policies, while opportunities for new proactive policy change are limited.

Potential Tactics:

1. **Invest in bipartisan opportunity spotting** by supporting prospective development of ideas that could advance in split government, such as no/low-cost policies, and areas like permitting reform
2. **Identify areas where states may be willing to adopt policies** from other states, such as expansion of CA clean vehicle standards
3. **Cultivate issue champions across the ideological spectrum** such as a targeted effort to develop and elevate a bipartisan group of pro-clean energy stakeholders
4. **Convene funders and other stakeholders**, including industry leaders/new industry entrants, potential new messengers, and others to build coalitions around bipartisan and/or low-salience but important policy goals
5. **Create policy roadblocks** by supporting legal thinking to identify and promote administrative or legislative policy levers for protecting progress to date

"[Organizations that bring together state and local leaders, for instance] have the convening power and stand the test of time that transcends elections and builds a lasting network."

- Interviewee, Federal Government Official