



GOVERNMENT MATTERS

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Washington Update

The prize for today's Mega Millions drawing is up to \$970 million, the third-largest prize in US lottery history. You do not have a good chance of winning-the odds are one in 302,575,350. Still, why not spend 10 minutes daydreaming about what you'd do with nearly a billion bucks, because that is a highly enjoyable activity.

President Biden and Democrats are looking to make good on their campaign promise of tackling climate change via regulations, executive actions, and legislation.

While Covid-19 and its twin public health and economic crises are priority number one in DC in the near term, Democrats are not losing sight of the climate crisis that they have viewed with increasing peril over the past decade. **With Democrats controlling the White House and the 117th Congress, they see now as the time to act and to act boldly.** To that end, Democrats are employing a whole of government approach to climate change. That means a robust regulatory agenda throughout the Biden administration to strengthen and find new ways to regulate climate risks. But spending power belongs with Congress. To put one's money where one's mouth is, Democrats want to pass a multi-trillion dollar climate change bill, perhaps as early as this year. **These ambitions, of course, are up against the constraints of governing.** For regulations, it's the tedious rulemaking process and potential court challenges, especially with a 6-3 conservative Supreme Court. For legislation, it's getting 10 Republican senators to bypass the filibuster. If Democrats decide to go it alone, as is almost surely the case for a big climate change bill, it's about maintaining a completely unified Democratic front to pass as many provisions as they can through the budget reconciliation process. The Joe Manchin of 2010 who shot a cap-and-trade bill in a TV campaign ad is different from the Senate Energy and Natural Resources Committee Chair Joe Manchin (D-WV) today. But there will still be a push and pull on what can get 50 Democratic votes in the Senate and 218 Democratic votes in the House.

Biden's energy and environment teams are slowly getting into place through the Senate confirmation process. As agencies become fully staffed and get up to speed, the focus will be on reversing Trump administration rules and initiating new rulemakings. Meanwhile, the legislative agenda for the first 100 days is more focused on tackling Covid-19 and providing economic relief. But there's an opportunity for Democrats to propose a major energy and environment legislative package in conjunction with infrastructure spending in the months ahead. An FY22 budget reconciliation bill would be a potential legislative vehicle depending on what Democratic leaders decide to focus on in the second half of the year. Biden's first speech before Congress next month and other policy proposals and announcements could set the stage for this legislative push.