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Infrastrated

By [MATTHEW CHOI](#)
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Quick fix

- **Infrastructure talks are upsetting everyone**, House and Senate, Republican and Democrat, alike.
- **Tracy Stone-Manning's nomination barely passed a Senate procedural vote**, portending the razor-thin support she'll face for her confirmation to lead the Bureau of Land Management.
- **House Republicans fret over FERC going too far on climate**, saying it should keep its eyes on reliability.

HAPPY WEDNESDAY! I'm your host, Matthew Choi. Félicitations to DOE's Shirley Neff for knowing François Mitterrand was the first Socialist president of the French Fifth Republic. Today's trivia: ABBA's "Dancing Queen" was first performed to honor which royal wedding? Send your tips and trivia answers to mchoi@politico.com. Find me on Twitter [@matthewchoi2018](#).

[Check out the POLITICO Energy podcast](#) — all the energy and environmental politics and policy news you need to start your day, in just five minutes. Listen and subscribe for free at politico.com/energy-podcast. On today's episode: How voting rights can impact climate policy.

Driving the day

BOILING OVER: Senators were venting their grievances with the infrastructure negotiations during their party lunches Tuesday, highlighting just how fraught the process remains, [POLITICO's Marianne LeVine and Burgess Everett report](#). Lawmakers were frustrated with the prolonged negotiating process and raised party-line concerns, including funding for transportation, broadband and deficit spending.

Senate Majority Leader [Chuck Schumer](#) promised to keep the chamber in session until the infrastructure bills are squared away. But he stayed mum about at what point he would declare the bipartisan effort kaput and transition to a Democrats-only budget resolution with all their infrastructure asks (Sen. [Bernie Sanders](#) told [Pro's Jennifer Scholtes](#) that he expects floor action on the budget front in early August).

“We’re close,” Schumer said on Tuesday afternoon. “We’re going to get this done through the August recess if we have to stay, period.”

WATER THEY DOING? The Senate negotiators did however reach an agreement on water funding, resolving one of the major conflict points in the negotiations, [Pro's Anthony Adragna and Annie Snider reported Tuesday afternoon](#). Though the exact details of the agreement aren't clear, Sen. [Mitt Romney](#) (R-Utah) said it would include \$15 billion for removing lead pipes for drinking water systems — a key bipartisan priority pushed by the White House. ([Annie and Anthony also went into concerns](#) last week that funding would be insufficient to remove all the lead pipes in the country).

Senate Environment and Public Works Chair [Tom Carper](#) (D-Del.) said last week that he would not vote for the infrastructure package if it didn't fully fund the water and surface transportation titles previously advanced by his committee. But despite Tuesday's breakthrough, a Carper spokesperson said: “Text is not finalized on BIF negotiations. There are a number of outstanding issues still on water, transit, climate, and environmental justice. Sen. Carper still has concerns.”

OVER IN THE HOUSE: House Transportation Chair [Peter DeFazio](#) is *upset* over the bipartisan deal, which will use his \$715 billion infrastructure bill passed in July as a vehicle for Senate adoption, but will likely strip his legislation of many of his key climate measures, winnowing it down to what Senate negotiators and the White House agree to. Though that may not be too much of a problem to some House Democrats who plan to stick their priorities in the budget resolution, transportation legislation only comes up once every few years, and DeFazio may not get another shot this big while chairing his committee.

“I could give a damn about the White House. We’re an independent branch of government,” [DeFazio told POLITICO's Sarah Ferris and Heather Caygle](#) after a closed meeting where he trashed the Senate deal. “They cut this deal. I didn’t sign off on it.”

DeFazio isn't the only one wary of the rank-and-file taking the lead rather than committee chairs with expertise in the policy area. Some in the Senate are also raising their eyebrows, with Sen. [John Cornyn](#) (R-Texas) telling Burgess and Marianne: “When you have these negotiations and the gangs, there's no mechanism that forces people off of dead center and you're in pursuit of this mythical consensus.”

At the heart of that "gang" is Sen. [Rob Portman](#) (R-Ohio), whose unique position to negotiate in the deal [Burgess and Marianne dive into in a profile this morning](#).

On the Hill

TRACY STONE-MANNING GETS PREVIEW VOTE: The Senate just barely agreed to a procedural move to advance Biden’s pick to run the Bureau of Land Management on Tuesday, portending the hair-thin vote to come on her confirmation. Energy Republicans continued to cast Stone-Manning as woefully unfit for the position due to her past ties to environmental extremists and how she disclosed them, but Stone-Manning has the backing of moderate Democrats, Sens. [Joe Manchin](#) and [Kyrsten Sinema](#). Tuesday’s vote was necessary to bring her nomination to the floor after the Senate Energy Committee deadlocked on her nomination last week. [Anthony Adragna and Ben Lefebvre have more for Pros](#).

Stone-Manning became a focal point during a Senate Energy hearing with Interior Secretary Deb Haaland on Tuesday, where Republicans peppered Haaland with questions on the nomination. When Ranking Member [John Barrasso](#) asked Haaland questions on the criminality of tree spiking, Haaland responded: “I believe you’re referring to the nominee, Tracy Stone-Manning. I also recognize that she was nominated by President Biden because he felt she could do the job and that she was qualified.” It was Haaland’s first time back before the committee since her confirmation, when many of the same lawmakers objected to her nomination to lead DOI.

Haaland also faced a grilling on drilling, specifically the department’s review on federal oil and gas leases, which Manchin pointed out was supposed to come out in early summer. “While I’ve supported the administration’s desire to pause lease sales to make sure the American people are getting fair returns for our shared resources, we are now well into the early summer timeline when we were told the review would be completed,” he said. Haaland said the review is still not done and is being finalized internally. It will come out “soon.” [Ben has more from the hearing](#).

ALL ABOARD THE MINIBUS: The House shot down a host of Republican amendments to a “minibus” of spending bills, [H.R. 4502 \(117\)](#), that would have gone after EPA rules, while adopting a number of Democratic climate priorities. Among the Republican efforts were measures to bar a Civilian Climate Corps from receiving federal funds and remove a ban on energy leases in national monuments. Lawmakers did however approve measures boosting DOE’s energy efficiency office by \$3 million and cutting the fossil energy office’s budget by \$4

million. Still, the bills are unlikely to become law in substantially similar forms. The Senate has yet to make meaningful progress on its versions of spending bills. [More from Anthony](#).

TAX TALK: Bipartisan Sens. [Mike Crapo](#) (R-Idaho) and [Sheldon Whitehouse](#) (D-R.I.) introduced [the Energy Sector Innovation Credit Act](#) on Tuesday in the hopes of incentivizing technology-wide clean energy innovation. The bill would give developers access to a 40 percent investment tax credit or 60 percent production tax credit for so-called low market penetration technologies, like storage, carbon capture and clean hydrogen production. Reps. [Tom Reed](#) (R-N.Y.) and [Jimmy Panetta](#) (D-Calif.) led the introduction of the legislation in the House. [Read the bill text here](#) and a [section-by-section here](#).

FERC World

FERC MISSION FACES SCRUTINY ON THE HILL: As FERC increasingly begins taking climate issues into account in its decision making under Chair Richard Glick, lawmakers on a House Energy subcommittee are questioning the extent of the commission's statutory authority to do so. During a marathon, four-hour hearing Tuesday, several legislators on the Energy subcommittee probed commissioners on whether it should be factoring in greenhouse gas emissions when considering permit approvals for natural gas pipelines, which was a [point of contention](#) after the commission included such issues in approving a pipeline project for the first time in March.

"I'm concerned that the commission may be vastly overstepping its jurisdiction by viewing all decisions through an environmental lens instead of putting reliability and affordability for the consumer first," Rep. [Tim Walberg](#) (R-Mich.) said, adding that "FERC is not an environmental regulator ... and it's not a safety regulator." When asked whether FERC could deny a permit solely on climate concerns, Glick replied that "we have the authority to determine whether a project is in the public interest," and that federal courts have compelled the commission to consider environmental concerns.

There was also a disagreement over FERC's role and capability to prevent cyberattacks on the energy infrastructure. Glick said cyberattacks are "no doubt the biggest threat facing the grid today" and the commission can take additional steps to protect the U.S. energy infrastructure. But two GOP commissioners suggested the commission's role and ability to safeguard the grid and natural gas pipelines is limited because it is primarily an economic regulator.

[Gloria Gonzalez has more for Pros](#) on the wide-spanning hearing, which also went into transmission planning and grid resilience.

Around the Agencies

BIDEN WILL RAMP UP TAILPIPE STANDARDS: The Biden administration will propose rules increasing federal tailpipe greenhouse gas standards by ramping up annual targets through model year 2026, [the Associated Press reports](#), citing auto industry and government officials. The rules could be proposed as soon as next week.

Specifically, the AP says the joint EPA-NHTSA rules (Reg. 2060-AV13, Reg. 2127-AM34) will apply the standard adopted in California's 2019 deal, around 3.7 percent, starting with 2023 vehicles. That will ramp up through 2025 to roughly Obama-era 5 percent improvements, and in 2026 go even higher, potentially up to 7 percent. EPA also seems poised to revive extra credit granted for electric vehicle sales, the AP says, which automakers say will boost EV adoption but that environmentalists argue waters down the program and obscures emissions from gas guzzler sales.

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FROM R&D TO D&D: The Energy Department's energy efficiency and renewables office is hoping to use the additional money under its fiscal year 2022 budget to shift its focus from research and development to demonstration and deployment, according to acting Assistant Secretary for Energy Efficiency and Renewable Energy Kelly Speakes-Backman, who added that the office also hopes to increase funding toward early stage research for areas that aren't quite commercially ready yet. The president's FY2022 budget request sought to boost the Office of Energy Efficiency and Renewable Energy budget to \$4.7 billion, though House Energy-Water appropriators recently settled on a smaller figure of \$3.8 billion.

"There's just a myriad of work," Speakes-Backman also said Tuesday during Wood Mackenzie's North America Power & Renewables Conference. "We've got so much work ahead of us to do along all levels. But we don't have to wait for all of the technologies to be available to begin with deployment."

Beyond the Beltway

A SENSE OF COMMUNITY: Community solar accounted for 37 percent of annual capacity additions in the non-residential sector and 15 percent of all distributed solar in 2020, up from 13 percent in the non-residential sector and 5 percent of all distributed solar in 2016, [according to the latest market outlook from Wood Mackenzie](#) in collaboration with the Coalition for Community Solar Access. Wood Mackenzie expects that by 2026, community solar will drop to 24 percent of annual non-residential capacity after a peak in annual volumes over the next two years. The leveling off in market growth is linked to current policy incentives dwindling.

Without policy reforms that remove market constraints, states such as Colorado and Minnesota, with longstanding markets could fall behind, the report said, as siting restrictions, interconnection challenges and grid upgrade costs continue to put a strain on states. "As current incentives become fully allocated and those projects come online over the next two years, the market will see a decline starting in 2023 without an expansion of programs and incentives," Rachel Goldstein, an analyst with Wood Mackenzie's U.S. solar research team, said in a statement.

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