

# Washington

## WATCH

### The Green New Deal Hits Congress

BY DOUG KANTOR, EVA RIGAMONTI, AND MICHAELA CAMPBELL, STEPTOE & JOHNSON LLP



As the 116th Congress kicks off, climate change is poised to be a major political issue. In the face of melting polar ice caps, rising seas, bitterly cold arctic fronts, and record-breaking heat waves, there has been a broader acknowledgment amongst Members of Congress from both parties that climate change is an issue. Yet, there is no consensus on what, if anything, should be done to address this phenomenon. Certainly, Democrats tend to be more vocal on environmental matters; the loudest climate change advocates are some progressive Democrats, who are pushing to reduce carbon levels via a reduction in fossil fuel consumption and promotion of alternative fuels and technologies. Yet, even amongst Democratic ranks, there are significant differences of opinion with regard to whether or not climate change should be a top legislative priority and, if so, what should be done.

To investigate this complex issue, the House Democratic leadership has created a Select Committee on the Climate Crisis (which only has investigatory powers, i.e., no subpoena or legislative powers)—and House Democrats, in general, plan to hold a number of hearings on climate change in that special committee as well as in standing committees, such as Natural Resources and Energy and Commerce<sup>1</sup>. A select committee may also be created to focus specifically on climate legislation—including a “Green New Deal.”

#### What Is the Green New Deal?

Harkening back to President Franklin D. Roosevelt’s New Deal, a Depression-era program designed to stabilize the U.S. economy by providing job relief and restoring prosperity, the

<sup>1</sup> Standing committees are permanent panels established by either House or Senate rules and have legislative jurisdiction over particular subject areas and oversight responsibility. This includes the power to subpoena witnesses. Select or special committees, in contrast, are created by a House or Senate resolution in the chamber where they sit in order to examine an emerging issue. Generally, select committees have certain restrictions or limitations attached that standing committees do not have (e.g., no subpoena power).

<sup>2</sup> The GND was introduced as a resolution, a type of legislation that is generally used to express nonbinding positions.

<sup>3</sup> This outlook is based on information available as of February 15, 2019.



Green New Deal (GND) (H.Res. 109/S.Res.59) was introduced by Representative Alexandria Ocasio-Cortez, a freshman Democrat from New York, and Senator Ed Markey (D-MA) on February 7, 2019. As the name suggests, the GND is a massive framework of progressive ideas to combat climate change and address poverty and inequality<sup>2</sup>. On the energy side, the resolution calls for “a 10-year national mobilization” to move towards renewable energy. While not explicitly calling to do away with fossil fuels, the GND states that the goals of U.S. energy policy should be to improve energy efficiency, increase resiliency, improve the environment, and reduce greenhouse gas pollution. This is in line with certain elements of the Democratic Party that have been seeking to move to 100 percent renewable fuels by 2050, though the resolution does not go as far as to mandate such a result.

In addition to energy policy, the GND promotes jobs, specifically union jobs, that pay living wages, allow for job advancement, and employ local workers—and calls for strengthening collective bargaining rights, health and safety standards, antidiscrimination rules, and wage and hour standards. It also addresses more “basic needs,” calling for affordable health care and housing, general economic security, clean water and air, affordable healthy food, and much more.

## What is the Future of the GND?

The House version of the GND has more than 60 Democratic cosponsors, while the Senate version has 11 Democratic cosponsors—several of which are running (or may run) for President, including Senators Jeff Merkley (D-OR), Bernie Sanders (I-VT), Kirsten Gillibrand (D-NY), Elizabeth Warren (D-MA), Kamala Harris (D-CA), Cory Booker (D-NJ), and Amy Klobuchar (D-MN), among others. The Democratic Caucus, however, is far from unified on the issue. Many other members of the caucus have taken a more passive stance, including Presidential candidate Sherrod Brown (D-OH) who has held off on announcing his position on the GND.

The Democratic Caucus divide (in both chambers) taken together with the Republican majority in the Senate, means the GND faces long odds for becoming law. In fact, Senate Majority Leader Mitch McConnell (R-KY) has already moved forward to

put Democrats in the hot seat on this. Mere days after the GND’s introduction, Majority Leader McConnell announced that he plans to hold a vote on the GND, a political maneuver designed to force Democrats to go on record voting for or against the GND, despite many not yet having formed a position. It remains to be seen whether Democrats will decide to vote in favor as a bloc in the Senate to prove a point, or whether the concerns of certain Members (e.g. Sherrod Brown), will lead some Democrats to oppose the GND. Republicans are likely to continue opposing the GND. In the House, Speaker of the House Nancy Pelosi (D-CA) has not yet discussed plans regarding how to move forward on the GND, or the larger issue of climate change.

## Fuel Marketers and Climate Change

While the GND is unlikely to pass Congress—and even less likely to be signed by the President—conversations about climate change are expected to continue. These conversations will likely intersect with ongoing efforts on transportation, infrastructure, fuels, and energy policy.

As Congress considers these policy areas, fuel retailers and wholesalers will want to keep an eye on any solutions being advocated to ensure that they do not reduce supply optionality or unfairly favor one fuel technology over another. Retailers want to sell legal products in a lawful manner to consumers that want them—and a diversified fuel market is a good thing. Diversification generally equates to a market with robust competition, which allows retailers to offer competitive prices for consumers. With the rise of electric vehicles (EVs), for example, electricity is a fuel that will need to be made available to consumers. However, most states do not allow electricity to be sold to consumers by private businesses. As electricity is needed to refuel consumer vehicles, it will be critical to address this restriction to ensure supply optionality. Ensuring the private sector can enter the alternative energy (i.e., electricity) refueling business on an equal competitive footing with public utility companies will create markets that are better for consumers from a cost perspective.

It is also critical that various incentives for so-called “cleaner” alternative fuel technology (and related infrastructure) do not create an unfair playing field or create a reality where low-income Americans are subsidizing the preferences of the wealthy. For



example, it is inappropriate for utility companies to enter the EV refueling marketplace by funding that capital investment with ratepayer funds so that all utility consumers (predominately middle and low-income Americans) are paying for the charging infrastructure for the few wealthy Americans driving EVs. Similarly, the EV tax credit, which goes to consumers who purchase EVs, subsidizes the purchasing habits of wealthy Americans, the group that is overwhelmingly buying EVs.

This equity and fairness concern applies to all these policy areas. With regard to transportation policy, for example, it is important the costs of transportation infrastructure upgrades are borne fairly by all who use the roads, not just by owners of vehicles that run on petroleum products. Furthermore, in order to ensure that the best new technologies are coming to market, any initiatives to promote those technologies should provide a level playing field on which all technologies can compete fairly for market share. This will ensure that only those technologies that are most efficient, effective, affordable, and thus attractive to market participants, will rise to the top.

When it comes to more traditional environmental initiatives, such as emissions reduction, fuel marketers must educate lawmakers on the importance of implementing policies that are cost-transparent, meaning, they allow businesses to plan properly and factor in the costs of compliance. And it goes without saying that all decisions about what will constitute a “clean” energy source or how emissions will be calculated ought to be based on the best available science and data.

## The Future of the Climate Change Debate

Beyond the delays caused by the partial shutdown of the federal government, the policy complexities in the climate change debate, as well as the left’s lack of unity, will stymie progressive Democrats’ efforts to focus on climate change policies during the 116th Congress. Nevertheless, they will likely continue to push for hearings and legislative action. And the environment is likely to be a major talking point—at least for Democrats—in 2020 Presidential campaigns, so the issue is unlikely to go away any time soon.

However, given the lack of consensus in the Democratic Caucus regarding a plan for addressing climate change, as well as a lukewarm reception from Republicans, it remains to be seen if anything concrete can get done on climate change in the 116th Congress. But as these conversations are only just beginning, the time is ripe for fuel marketers to think critically about their priorities as discussions evolve. ★

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**Douglas Kantor** is a partner, **Eva Rigamonti** is an associate, and **Michaela Campbell** and **LeeAnn Goheen** are legislative assistants in Steptoe & Johnson LLP’s Washington D.C. office.

Steptoe & Johnson LLP is counsel to the Society of Independent Gasoline Marketers of America.