

For What It's Earth

Global ESG Headlines from Step toe

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Litigation

On April 9, the DC Circuit upheld the EPA's 2022 decision to waive federal preemption with respect to two California regulations under the Clean Air Act. The regulations at issue were (i) a standard limiting greenhouse gas emissions and (ii) a requirement that a certain percentage of new vehicles manufactured in the state each year be zero emissions vehicles. Seventeen Republican-led states and trade associations challenged the EPA's decision on the grounds that the agency was not authorized to grant California the waiver, exceeded its statutory authority, and violated a constitutional requirement that the federal government treat states equally in terms of their sovereign authority. The Circuit Court's decision will likely be appealed to the US Supreme Court.



Regulation

In the face of legal challenges, the US Securities and Exchange Commission (SEC) paused implementation of its recently finalized climate disclosure rules. The rules will be stayed until the Eighth Circuit – which was randomly selected to hear the consolidated set of petitions-- issues a ruling. The SEC stated that it "will continue vigorously defending the Final Rules' validity in court and looks forward to expeditious resolution of the litigation."



Policy

On April 4, the Biden administration announced \$20 billion, part of the EPA's Greenhouse Gas Reduction Fund, to fund climate and clean energy projects. Over 70% of the awards are directed to low income and disadvantaged communities.



Litigation

Proceedings began in Shell's appeal of a 2021 Dutch court decision. The landmark ruling ordered Shell to reduce its CO2 emissions by the end of 2030 compared to its emissions in 2019 and aimed to align the company with the Paris Agreement goals. The ruling included both Shell's own emissions and so-called Scope 3 emissions produced by consumers using its products. While Shell as reaffirmed its commitment to reach net zero by 2050, it argues that the decision has no legal basis.



Statement

BlackRock's CEO Larry Fink's annual letter to investors highlights the investment giants continued belief in the importance of the global transition to low-carbon energy, despite growing controversy in the US regarding this shift.

"The energy transition is not proceeding in a straight line. As I've written many times before, it's moving in different ways and at different paces in different parts of the world. At BlackRock, our job is to help our clients navigate the big shifts in the energy market no matter where they are."