

MIT Student

11.002/17.30 Making Public Policy

Causes and Effects of State Level Climate Policy

In both 2009 and 2010, bills were formulated in the U.S. Senate to address the issue of climate change, and both failed (Lizza, 2010). While federal policy has begun to address climate change in the past year, most policies in the past ten years have been made at the state level, largely due to widespread bipartisan support for state policies such as Renewable Portfolio Standards (RPSs). The concentration of climate policy at the state level has had the impact of promoting renewable energy in a cost-effective manner. However, state policy has had complications with inter-state collaboration as well as a lack of consistency and control on qualifications for renewable energy. Over the next five years, new climate policy will be dependent on the political context. If Congress becomes more liberal, there may be hope for passing federal legislation. With a more conservative Congress, policies will most likely remain solely at the state level, unless the 2016 election results in a liberal president who may also take executive action on climate change.

When trying to understand why most of the policy on climate change has occurred in the states, one must consider how and why federal legislation failed in the past. In 2010, the U.S. Senate was unable to pass climate change legislation due to a lack of support from Republicans as well as Democrats from states that rely heavily on coal for energy. This bill, written by Senators John Kerry (D-MA), Lindsey Graham (R-SC), and Joseph Lieberman (I-CT), (KGL for short), included a cap-and-trade system, which entailed an overall limit on emissions and the sale of permits that polluters could purchase and sell (Lizza, 2010). However, given the makeup of Congress, they were unable to pass it through the Senate. In 2010, the split was 59-41, with a

Democratic majority. To avoid a filibuster, Kerry, Graham, and Lieberman would need 60 senators on board, but some Democrats would oppose the bill since they came from states that depend heavily on coal (Lizza, 2010). Therefore, in order to pass, the bill needed some Republican support. However, “The Republican Party had grown increasingly hostile to the science of global warming and to cap-and-trade, associating the latter with a tax on energy and more government regulation” (Lizza, 2010, pg. 3-4). While KGL had a chance to win some moderate Republicans over, ultimately these efforts failed. They lost George LeMieux (R-FL) to concerns over reelection; Olympia Snowe (R-ME) refused to commit her support; and Susan Collins (R-ME) attempted to sponsor a separate climate bill and refused to support KGL’s. Graham also received intense backlash from his constituency for sponsoring the bill, and eventually gave up, eliminating any chance of it being passed (Lizza, 2010).

In addition to the dearth of support from both Democrats Republicans, the 2010 bill was also hindered by Obama’s actions. On several occasions, Obama inadvertently gave away Kerry, Graham, and Lieberman’s bargaining chips. For example, he spontaneously announced that there would be an expansion of domestic drilling, which is something the senators had planned on strategically using to garner Republican support (Lizza, 2010). In another instance, Obama announced a budget proposal that included \$54.5 billion in new nuclear loan guarantees. Again, this was something KGL had planned to use to woo Republicans, “but now the White House had simply handed the money over” (Lizza, 2010, pg. 19). In yet another case, the EPA announced they would delay their plans to regulate carbon until 2011, which was another bargaining chip the senators had intended to play. Thus, Graham “had virtually nothing left to take to his Republican colleagues” (Lizza, 2010, pg. 19). Therefore, Obama’s actions greatly impeded the chances of passing climate policy at the federal level in 2010.

Even though federal legislation failed in 2010, it has been easier to pass climate change policy in the states. One reason for this is because it is easier to achieve bipartisan support for some policies at the state level. Renewable Portfolio Standards (RPSs), one major type of state policy, “establish a percentage or amount of renewable electricity generation or capacity requirement that suppliers must provide by a particular date” (Rabe, 2007, pg. 10). Unlike the cap-and-trade system proposed at the federal level, RPSs usually receive support across party lines (Rabe, 2007). This is partly due to many RPSs’ focus on economic development, which wins over Republicans who may not otherwise support climate change policy. As Rabe describes, “many state officials view RPSs as simply a new mechanism to respond to public demand for a reliable, inexpensive, and environmentally friendly electricity supply” (2007, pg. 10). Furthermore, state governments may be more willing to implement policies to get a “first movers advantage.” By formulating their own policies, they get to set precedents and preempt or shape future federal action. State action might receive more bipartisan support as well, since Republicans view state legislation more favorably than federal legislation.

The concentration of climate policy at the state level, including policies such as net metering and RPSs, has promoted renewable energy in a cost-effective manner. Net metering is a policy that encourages customers to generate renewable electricity through rooftop solar panels. When customers produce more energy than they consume, excess energy is returned to the grid; when on site generation is insufficient to meet their needs, the customer draws from the grid (EPA, 2014). Essentially, the customer is charged only for their net usage, and if they produce more than they consume, they receive compensation. Another common policy, already described, is the RPS, which requires utilities to provide a certain percent of electricity through renewable sources. Some even include carve-outs for specific renewable sources, such as solar power (Rabe,

2007). Overall, policies such as net metering and RPSs have had overall positive impacts, promoting renewable energy in a relatively cost-efficient way. For example, in California, net metering “has leveraged \$10 billion in private investment and will allow schools and public agencies to save \$2.5 billion in energy costs over the next 30 years” (Alliance for Solar Choice, 2014). Net metering also disrupts the monopoly that utilities have, which can increase competition to drive down prices and increase efficiency (TUSK, 2014). RPSs have also been incredibly successful at the state level. In fact, “many states are committing to future renewable energy levels that seemed inconceivable a half- decade ago” (Rabe, 2007, pg. 11) According to Barnes & Barnes, it is expected that through RPSs, “93,000 megawatts (MW) of new renewables will be added to U.S. grid by 2035” (2013, pg. 16). RPSs have also passed due to economic incentives based on job creation in the renewable energy sector. Therefore, through state policies such as net metering and RPSs, both economic and environmental progress have been advanced simultaneously.

While state level climate policy has effectively promoted renewable energy, it does have drawbacks as well. State policy-making raises the issue of navigating inter-state collaboration and furthermore presents lack of consistency and control on what qualifies as renewable energy. With RPSs, there are “issues such as inter-state recognition and trading of [Renewable Energy Credits]” which “loom larger and may necessitate new forms of inter-state collaboration” (Rabe, 2007, pg. 11). There is also less consistency and control of what qualifies as renewable energy when each state formulates its own policies. For example, in Pennsylvania, the RPS permitted coal to be a qualified source of renewable energy. This is somewhat counter-intuitive climate policy, since coal has huge carbon emissions. The Pennsylvania policy has even been called “the dirtiest RPS in the nation” (Rabe, 2007, pg. 14). Therefore, state level climate policy introduces

its own difficulties in terms of determining how states should collaborate with one another on renewable energy, as well as creating an inconsistency on what types of resources can be considered renewable.

Despite these drawbacks, it is still worthwhile to recognize that throughout the past decade, the states were able to achieve what the federal government could not. That said, this reliance on state policy could change in future. Over the next five years, how climate policy develops will be dependent on the forthcoming political context. If Congress becomes more liberal, it may be feasible to pass federal climate change legislation, similar to what was proposed in 2010. Whoever wins the Presidential election in 2016 will also effect what sort of executive action is made: if the President is liberal, it is possible they will expand regulations under the Clean Air Act. However, if the President is conservative, it is possible they will roll back some of the regulations Obama has started to make through executive action of his own. However, if climate change is not addressed through Congress or the President, most policy will likely remain at the state level. One likely thing to happen is more action on RPSs. In 2013 alone, “efforts to scrap or diminish RPS policies held the national spotlight” (Barnes & Barnes, 2013, pg. 16). However, despite amendments to RPS policies, Barnes & Barnes judged 2013 as a year of overall RPS policy advancement (2013, pg. 16). They also “expect states to continue making measured revisions that generally portend positive impacts on renewables development” (Barnes & Barnes, 2013, pg. 19). Thus, looking forward, the U.S. is likely to see progress in climate policy at the state level in terms of introducing and augmenting RPSs, as well as a potential for federal policy through the Congress and the President depending on future election results.

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