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Environment & Energy

States Are Tackling Climate, Using Federal Cash as Congress Lags

By Zach Bright

Deep Dive
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- Some states start using infrastructure funds to reduce carbon
 - Transportation, power, and building emissions are targets
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State legislatures around the country have shown a burst of reception for bills that lower carbon emissions, and they're turning to funding from last year's \$1.2 trillion infrastructure law.

Democratic-led legislatures this year have already tackled climate change directly. Maryland passed a Climate Solutions Now act to accelerate emissions reduction. Washington and Illinois built on their 2021 landmark cap-and-trade and clean energy workforce transition bills respectively. Still in session, California and Massachusetts are advancing new climate packages.

Some Republican-led states such as Nebraska and South Carolina, despite resistance to sweeping plans framed as climate action, are nonetheless lowering greenhouse gas emissions as they move to clean energy because of its long-term economic benefits over fossil fuels.

States are filling a void left by the federal government after Democrats' "Build Back Better Act" and its \$550 billion clean energy tax credits stalled last year. In bills big and small, states are harnessing the infrastructure boost to reduce transportation emissions, clean up energy sectors, and promote electrification. Advocates say it's not enough to reach US goals, but it's a significant start.

The Center for American Progress, a progressive think tank, recently reported on how states could leverage the new federal infrastructure cash to reduce greenhouse gas emissions.

"Just because the federal government didn't pass the climate bill itself doesn't mean they completely failed. [The infrastructure law] is a big deal," said Bethany Davis Noll, executive director of NYU Law's State Energy & Environmental Impact Center.

Taking on Transportation

In March, Washington state passed S.B. 5974, a nearly \$17 billion transportation law with \$5.4 billion toward carbon reduction and expansion on infrastructure for walking, bikes, automobile, and public transportation. Its creators funded it in part with bipartisan infrastructure law money, and many others have taken up a similar approach—decarbonizing transportation while improving it.

Federal funds also paved the way for Connecticut to move on S.B. 4, a state “clean air act” signed this May. The law speeds up vehicle electrification with new charging stations, tax rebates, and bus fleet upgrades.

The federal infrastructure law filled in for lost revenue that a regional cap-and-trade program, the Transportation Climate Initiative, was supposed to generate for Connecticut and a handful of Northeastern states before collapsing in 2021.

Electrification is expanding, too. California, Massachusetts, and Hawaii are among dozens of states accelerating existing mandates, developing more charging sites, or advancing rebates for e-bikes and electric autos.

But a transition on transportation, which led all sectors by producing 27% of carbon emissions in 2020 according to the Environmental Protection Agency, isn’t enough.

“Everything depends on decarbonizing the power sector because a lot of the climate solution is electrifying transportation,” said Clara Summers, climate and energy manager at the National Caucus of Environmental Legislators.

Cleaning Up the Source

Renewable portfolio and clean energy standards are a “go-to climate policy” that states often use to clean up their electricity generation, Summers added.

Standards mean utilities have a set percentage of electricity they have to source from renewable or clean sources. Electricity is the second-largest US emissions source, behind transportation, at 25%.

More than 30 states have those goals, with more than a dozen requiring 100% clean energy by 2050 or earlier. Just last year, Delaware, Illinois, North Carolina, and Oregon all accelerated their standards. Nebraska also adopted a standard in 2021 that would require 100% clean energy by 2050.

Renewable portfolio and clean energy standards aren’t perfect carbon reduction measures. They don’t necessarily limit renewable options that emit carbon, like biomass incineration, Summers noted. Some standards are “just pretty toothless,” she added.

But some states are also decarbonizing their power sectors without raising portfolio percentage requirements. For instance, Hawaii’s H.B. 2089 closed a longstanding loophole to more accurately calculate electric utilities’ renewable energy progress.

In 2019, South Carolina strengthened utility oversight and encouraged community solar programs in its Energy Freedom Act. Maine's L.D. 1959, signed into law last month, increases transparency and requires utilities to lay out their plans for meeting emissions reductions goals in the state's "Maine Won't Wait" climate plan.

And in states with new statutorily binding climate targets, agencies are more likely to deny oil and gas permit renewals and requests on those grounds, Noll from NYU Law's State Energy & Environmental Impact Center said.

That's happened in New York, where the state's 2019 Climate Leadership and Community Protection Act's targets were the state's reasoning for denying a permit to NRG Astoria Gas Turbine Power LLC last year.

Building Codes, Political Realities

States with more progress made on cleaning up their energy sectors also have moved to building electrification. Commercial and residential buildings made up 13% of greenhouse gas emissions in 2020.

Updated energy performance standards were a centerpiece of Maryland's climate package. Colorado also moved this session, passing H.B. 22-1362 to reduce building emissions with electrification and higher-efficiency codes and H.B. 22-1218 to require on-site electric vehicle charging sites. Washington state revised its energy code in April to require more heat pumps.

But not every state is moving at the same pace. In Vermont, whose substantial Democratic legislative majorities and moderate Republican governor mirrors Maryland, a sweeping heat pump law failed. The Clean Heat Standard collapsed after a veto, which was one vote short of being overridden.

And in politically conservative states, climate action is limited to what can generate economic benefits or be packaged like "energy freedom," as in the cases of Nebraska's 100% renewable portfolio standards goal and South Carolina's eponymous solar act.

Kansas and Missouri both passed securitization legislation last year, allowing companies to close coal plants early and refinance debt to invest in clean energy. Arkansas passed S.B. 145, removing the state's ban on solar farm leasing. Utah that same year passed H.B. 411 to allow communities to opt in to a pathway to 100% renewable electricity by 2030.

Still, without broader federal legislation addressing climate change, more ambitious emissions cuts are left to a handful of states.

The CAP report that noted the infrastructure bill's climate significance warned that state actions with those dollars alone wouldn't meet President Joe Biden's goal to halve US greenhouse gas emissions by 2030. Biden's proposed legislation for energy tax credits "remains critical to cutting economywide emissions and meeting the administration's climate commitments," according to the report.

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