Democrats may have picked up a record number of seats on their way to controlling the House of Representatives but don’t expect an ambitious environmental legislative agenda when the 116th Congress convenes this January. Taking a page from her 2007 playbook, when Democrats last won control of the House, incoming Speaker Nancy Pelosi has set her sights low when it comes to climate and environmental policy. Her campaign manifesto, “A Better Deal,” calls for small-ball advances bolstering clean energy and water infrastructure as part of an ambitious though unlikely $1 trillion infrastructure deal Democrats hope to cut with Senate Republicans and the White House. Pelosi promised that any infrastructure deal would preserve National Environmental Policy Act review requirements. “Our plan will ensure [infrastructure] projects advance quickly, while maintaining key environmental protections,” the document says.

Ambitious legislating may be off the table for now, but aggressive oversight of President Trump’s deregulatory agenda and his administration’s ethical lapses is very much on the Democrats’ plate. Top officials at EPA, the Energy and Interior departments, and other agencies are already gearing up for a busy winter and spring responding to oversight requests and appearing at hearings — a significant change from the Republican-controlled House, when administration officials faced limited scrutiny.

From the other side of the Hill, where Democrats are still in the minority, the mandate for the new House majority is being cheered on. Trump’s appointees have been in “the witness protection program,” says Massachusetts’ Democratic Senator Ed Markey. He opines, “You don’t see them. You don’t know them. You’d have a hard time picking them out of a lineup.” That may still be true on the Senate side, but after grilling in the lower chamber, those officials “are going to become as famous as James Watt and Anne Gorsuch,” the Reagan-era officials who resigned amid scandals.

Energy and other industry leaders are also lawyering up as they brace for investigations that Democrats plan to use to spell out a narrative that highlights their view that the administration’s deregulatory agenda favors special interests. “Controversies that combine alleged corporate abuses or greed, leniency, or laxity by regulators, and harm to average Americans, present a potent political trifecta that often leads to congressional scrutiny,” says Brian Smith, a partner at Covington & Burling who served in the Clinton White House.
Representative Elijah Cummings, the Maryland Democrat who will lead the powerful Oversight and Government Reform Committee, has already made clear he plans to carefully use his subpoena power to investigate ethical lapses by disgraced former EPA Administrator Scott Pruitt and other administration officials as he makes the case for stricter ethics legislation. “My concern with the EPA is how was Mr. Pruitt able to get away with all he got away with and remain there,” Cummings says. “A lot of this is the process. If you had the right guard rails, people pretty much have to stay on track.”

Such messaging legislation may help bolster their candidates going into 2020 but Democrats are taking a different approach on affirmative environmental policy, favoring oversight of the administration’s rollbacks as a way to preserve existing protections, force Republicans to take tough-but-symbolic votes in support of the administration’s agenda and lay the ground for more aspirational policymaking when favorable political conditions exist. “Simply by holding hearings, asking questions, and releasing information, Congress can have a major impact on national policy. In fact, oversight can be particularly influential in periods of divided government,” Phil Barnett and Greg Dotson, top aides to former California Representative Henry Waxman, who have been advising Pelosi and other Democrats, wrote recently. “When the new Congress convenes in January, oversight may be one of the best ways for a more progressive House of Representatives to advance its agenda — including advancing environmental and public health protections and taking action on climate change.”

Representative Frank Pallone, the New Jersey Democrat slated to lead the Energy and Commerce Committee, along with other incoming committee chairs have already announced plans to hold hearings on the Trump administration’s failures to address climate change despite growing evidence of its adverse effects. “The days of denial and inaction in the House are over as House Democrats plan to aggressively address climate change and hold the administration accountable for its backward policies that only make it worse,” Pallone said after the November release of the administration’s latest climate assessment, which spells out growing economic, environmental, and health risks and calls for stepped up mitigation and adaptation efforts. But a Democratic aide says that for now, there is no legislative push behind such oversight. “There isn’t right now any sort of Democratic climate bill. Leadership is going to have to work this out.”

While Democrats may not legislate on climate change, there will certainly be much discussion of the issue. Pelosi plans to recreate the Select Committee on Climate Change that she first formed the last time Democrats took back the House from Republicans, in 2007, but which GOP representatives shut down after they came back in charge four years later. Its goal: “Prepare the way with evidence” for energy conservation and narrow climate mitigation legislation, while raising the profile of California’s wildfires, Florida’s sea-level rise, and other already-noticeable effects of global warming to help Democrats in the 2020 election.

In addition to the climate panel, Democrats are planning to create a new infrastructure subcommit-
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iven a divided Congress and little in the way of legislation, Trump and his administration are likely to double down on their deregulatory efforts. According to EPA's unified agenda, the agency plans to complete 30 deregulatory actions in 2019—a three-fold increase over 2018—including rollbacks of major Obama-era rules such as the Clean Water Act jurisdiction rule, the Clean Power Plan, vehicle greenhouse gas standards, methane limits on oil and gas production, and others. Many of those rules are slated for final action in March—just as Democratic oversight is ramping up. Given the administration's relatively dismal record defending its deregulatory actions in court so far, efforts in 2019 will almost certainly face lengthy and perilous litigation—a scenario that will only get worse given the duress officials will face from a Democratic House.

Ironically, Trump may also be less likely to compromise, given growing concerns that his deregulatory agenda is doing little to save the struggling coal industry. With natural gas production remaining high and prices low, an estimated 15.4 gigawatts of coal-fired generating capacity is expected to shutter at 22 plants in more than a dozen states in 2018—easily exceeding the record 14.7 GW that closed in 2015. If anything, Trump's top energy nominees are scrambling to figure out a way to subsidize struggling coal plants.

But the trend is not positive for the dirtiest fossil fuel. EPA's Affordable Clean Energy rule, intended as a replacement for the Clean Power Plan, "made clear that the Trump administration has officially conceded the argument over man-made global warming and the need to reduce carbon dioxide emissions," says Paul Tice, an adjunct professor of finance at the Leonard N. Stern School of Business at New York University. "This capitulation will seal the fate of the domestic coal industry over the coming years and have broad negative implications for U.S. energy policy over the longer term."

Things are marginally better in Congress, where GOP lawmakers may be willing to acknowledge the science but are unwilling to consider any mitigation that undercuts fossil fuels. "There's no question that for a variety of reasons and regardless of where one
Seize the Initiative, Avoid Falling Into Traps

The surge in turnout and impressive popular-vote edge that enabled Democrats to capture the House of Representatives signified deep disaffection with White House leadership. Anti-Trump sentiment had many sources but the unravelling of EPA and scandal-plagued tenure of former Administrator Scott Pruitt touched a nerve with both activists and moderate voters. It’s also not a stretch to conclude that a large segment of the electorate was unhappy with the administration’s lurch to the right on the environment and wanted to rein in its excesses.

Newly empowered Democrats now face the challenge of delivering on expectations in a divided government. Unfortunately, there’s little chance that the president will soften his positions on the environment to conciliate moderates. Instead, he may double down in an effort to repeat his 2016 electoral success.

The main tool of the House majority will be aggressive oversight. But putting political appointees on the hot seat, while important to shine light on the administration’s transgressions, will not moderate its actions. The many air, water, and toxics rollbacks already in motion at EPA will grind toward final decisions. On the climate front, efforts to dismantle Obama’s emission-reduction policies will likewise move forward, and the president will remain dismissive of mainstream climate science and the Paris Agreement.

Activists and newly elected progressives have already sent a strong message that the party leadership must embrace a proactive climate and clean energy agenda. Incoming Speaker of the House Nancy Pelosi has responded by proposing to resurrect a special committee on climate change to spearhead new initiatives. Not content with merely pushing back on Trump policies through the oversight process, many Democrats will demand legislation.

However, the House should avoid falling into the trap of passing “message” bills that die in the Senate and are seen as outside the mainstream. Legislative efforts should instead be designed to create a thoughtful policy blueprint for action on climate and clean energy that will have broad voter appeal in the 2020 election and can withstand Republican attack if the Democrats regain the White House and add seats in Congress.

Paradoxically, while the Trump administration has pulled federal policy sharply to the right, the environment for progressive climate and energy policies has become more favorable. The technological trends that are reducing the carbon footprint of the American economy are accelerating. Power-sector emission reductions have outperformed expectations, with coal’s share of generation dropping precipitously and wind and solar gaining a competitive edge over fossil fuels. Investment in electric vehicle production and charging infrastructure is rising at a steep rate.

At the same time, the public is increasingly aware of the link between rising greenhouse gas levels in the atmosphere and cataclysmic events like wildfires, droughts, severe storms, and flooding. Even as the president has provided a bigger platform for climate skeptics, more Americans are expressing concern about climate change and supporting policies to reduce emissions. Recent scientific reports have underscored the imminent dangers of rising GHG levels in the atmosphere and the urgency of taking action.

These developments present Democrats with both opportunities and challenges. The growing political constituency for clean energy, waning influence of coal, and rising alarm about climate impacts can mobilize voter support for faster deployment of renewables, reduced fossil fuel dependence, and more funding for resiliency and adaptation. At the same time, in our toxic political environment, proposals that can be portrayed as expanding the reach of federal bureaucrats, raising energy prices, and stifling business will be exploited by opponents.

The success of Republicans in using the backlash against cap-and-trade legislation to recapture the House in 2010 should remind Democrats that “big government” solutions to climate change can become political liabilities. Democrats should be bold but smart and take the time to design a legislative strategy that not only will bend the curve on emission reduction but will win support from business interests and voters of diverse persuasions.

With Democrats gaining governorships in the heartland, new opportunities for policy innovation will exist outside Washington. Incoming governors in these states may be able to gain traction for climate-friendly policies with culturally conservative and populist voters historically tied to heavy industry and fossil fuels. This could broaden the political base for adopting these policies at the national level and forge alliances between the progressive and moderate wings of the party that can pay dividends in 2020 and beyond.

Bob Sussman was EPA deputy administrator (1993-94) and senior policy counsel to the EPA administrator (2009-13).
stands on the issue of climate change that the burning of fossil fuels does emit into the environment a number of things that aren’t the healthiest,” Utah Republican Senator Mike Lee said in response to the recent climate assessment. But Lee ruled out a carbon tax or any other limitation that would “devastate” the economy and have “little or no” demonstrable benefit. “I think if we’re going to move away from fossil fuels, it’s got to be done through innovation. And innovation can be choked out through excessive government regulations. We can’t let that happen.”

In addition, the number of Republicans willing to consider a carbon tax has shrunk. Steve Scalise, the Louisianan who will be minority whip in the 116th Congress, is a leader in the opposition to a tax. The House Climate Solutions Caucus, a bipartisan group, lost at least 20 GOP members — almost 50 percent — as many of its most prominent Republicans did not run or failed to win re-election. Republicans who are likely to remain in the group include Matt Gaetz, a conservative from the Florida Panhandle who opposes a carbon tax and has introduced legislation to eliminate EPA. Despite dwindling GOP ranks, some returning Republicans are planning to raise the bar for future membership in the group. “It is important that the caucus not be seen as an ‘in name only’ group, but actually works toward effective bipartisan solutions,” says Florida Representative Francis Rooney, who co-sponsored a carbon tax bill.

Prospects for bipartisanship may be similarly limited in the Senate, where Republicans narrowly increased their majority by knocking off Democrats in states that Trump won in 2016. A case in point: Kevin Cramer, the North Dakotan who defeated Democrat Heidi Heitkamp, has made clear he will certainly box them in and give Republicans easy targets in 2020, such as Colorado’s Cory Gardner and Maine’s Susan Collins.

While they may lack GOP negotiating partners on climate change, Democrats’ commitment to bipartisanship may help preserve their majority in the 2020 election, where they will have to defend dozens of seats in Republican-leaning districts. Pelosi and others in her caucus have learned their lesson from 2010, when their failed cap-and-trade bill gave Republicans a potent campaign issue that helped defeat 63 House Democrats.

According to one analysis, about one third of the more than three dozen seats Democrats picked up in 2018 are in rural, energy-producing districts whose constituents are unlikely to look kindly on robust environmental policies. For example, in New Mexico’s Second District, where Democrat Xochitl Small won a long-held Republican seat, oil-and-gas jobs in the Permian Basin contribute almost 13 percent of local payrolls. Even newly elected Democrats in urban areas, like Houston’s Elizabeth Fletcher and Oklahoma City’s Kendra Horn, have major oil-and-gas interests headquartered in their districts.

Forcing these lawmakers to vote on a costly and controversial climate bill would almost certainly box them in and give Republicans easy targets in 2020. “We all remember the cap-and-trade vote that helped prevent Democrats from keeping the majority [in 2010],” says Darren Soto, a Florida Democrat. “That’s why we have a responsibility to find areas of compromise with Republicans without a big, bold bill. It doesn’t have to be all or nothing.”

Many environmentalists agree with Democrats’ long-term approach. “You have to hit some singles and doubles to load the bases to hit a grand slam. I think Democratic leadership will be trying to get those bases loaded, even as some others in the caucus will be trying to point to the fences and lay out a big vision,” says Ana Unruh Cohen, managing director of government affairs at the NRDC Action Fund.

Still, Democrats’ cautious approach on climate change has already sparked a raucous debate in the incoming caucus. Progressives like New York fresh-
Less-Burdensome Rules Without Less Benefit

What do the midterm elections mean for U.S. environmental policy? Not very much. With occasional exceptions (see the Lautenberg Chemical Safety Act), it has been many years since Congress played a significant role in addressing environmental issues. For better or worse, the executive and judicial branches now largely determine national environmental policy. Although enhanced congressional oversight can certainly raise the profile of environmental and regulatory issues, it will be difficult for Democrats to make lasting policy changes from a single chamber of Congress.

So what do the midterms mean for EPA specifically? To be sure, Congress does set its annual budget. President Trump has repeatedly called for dramatic decreases, but the Republican-controlled Congress has quietly refused to go along. The appropriations committees are well acquainted with the agency’s programs and, on a bipartisan basis, have provided relatively stable funding to ensure that it can carry out its responsibilities. Democratic control of the House will not significantly affect EPA’s budget one way or the other.

Certainly, House committees will conduct aggressive oversight. Trump appointees will soon be spending more time on Capitol Hill than they have been — and more time responding to congressional inquiries and document requests.

Some environmental groups believe that, by calling attention to “regulatory rollbacks,” House oversight will generate public opposition to the Trump EPA, but this seems unlikely. After some missteps in the administration’s early days, the agency’s political leadership is now working closely with career staff on sensible regulatory reforms. They will have no trouble explaining their reforms — why they are needed and how they will allow us to achieve our environmental goals more cost-effectively.

Andrew Wheeler, the newly nominated administrator of EPA, is committed to environmental protection. But unlike most past administrators, he has decades of experience with regulatory issues and is equally committed to regulatory reform. He and other key political EPA appointees are well acquainted with the agency’s regulatory programs. They understand that, while most are working reasonably well, some are unnecessarily burdensome — and a few go beyond the agency’s statutory authority.

So what should we expect from EPA in the next two years? In some cases, it will be business as usual. This is the case with the recent announcement of a rulemaking to reduce nitrogen oxide emissions from heavy-duty diesel engines. Where there are technological or other advancements that allow for cost-effective environmental gains, the Trump EPA will set standards to achieve them.

In a few cases, the agency will undo the regulatory overreach that occurred under the prior administration and take steps to define the limits of EPA’s statutory authority. This is the case with the Obama Clean Power Plan and Waters of the United States rule. Both regulations ran into trouble in the courts before the Trump administration took office, and EPA will almost certainly revoke them in the next year.

In replacing the CPP, the agency will make clear that the relevant statutory provision does not give EPA authority to require certain facilities to be shut down and replaced by other types preferred by the agency or to set minimum standards for either states or individual facilities unless a state fails to establish and explain its own standards.

The WOTUS replacement will provide more certainty about EPA’s jurisdiction under the Clean Water Act and clarify that it extends to a wetland only if there is a continuous surface water connection between it and a relatively permanent waterbody.

Of course these rules will be challenged in court, but, if they are overturned by lower courts, they are important enough to warrant Supreme Court review. It appears that a majority of justices are now disinclined to allow federal agencies to claim broad authority that was not clearly given by Congress. On the CPP and WOTUS replacement rules, it is very likely that the Supreme Court will agree that the Trump administration has properly defined the limits of EPA’s statutory authority under the Clean Air and Clean Water acts.

On a host of other regulations, the agency will do the nuts and bolts work needed to make them less burdensome without causing a meaningful reduction in their environmental benefits. This is the case with the agency’s ongoing efforts to reform the New Source Review program and to reduce unnecessary recordkeeping and reporting requirements. After years of increasing regulatory burdens, we are fortunate to have two more years of regulatory reform.

Jeff Holmstead is a partner at Bracewell LLP. He served as EPA assistant administrator for air and radiation from 2001-05 and in the White House Counsel’s Office from 1989-93.
man Alexandria Ocasio-Cortez and more-senior lawmakers like Oregon's Blumenauer and Georgia's John Lewis are pushing for a Green New Deal that would make the economy carbon-neutral within 10 years by phasing out fossil fuels and ramping up renewable energy. Rather than Pelosi's oversight committee on climate change, Ocasio-Cortez — who joined a grass-roots climate protest in Pelosi's office shortly after the election — is calling for a new legislative committee to flesh out the details of her Green New Deal, a plan that is expected to cost more than $2 trillion to implement.

But Pallone, along with Arizona's Raul Grijalva, who will chair the Natural Resources Committee, and Texas's Eddie Bernice Johnson, who will lead the Science Committee, have already made clear they see no need for a new committee. Calling themselves climate "champions," they have announced coordinated plans for hearings that would be held over two days early in 2019 "to assess the effects of climate change and the need for action."

“We plan to hit the ground immediately with a series of hearings early in the next Congress on how best to combat this growing global crisis. Our committees plan to work closely together to aggressively assess the public health, economic, and environmental impacts of climate change and to explore the best solutions to combat this challenge,” the two lawmakers say.

Even before taking their gavels, incoming Democratic committee chairs publicly released a series of oversight requests that will begin to target a lengthy list of Trump administration deregulatory actions. Together with Representative Diana DeGette of Colorado and Paul Tonko of New York, who are slated to lead two key subcommittees, Pallone is already digging into the details of EPA proposals aimed at rolling back greenhouse gas controls for vehicles, power plants, and the oil-and-gas sector. Tonko, who will lead the environment subcommittee, has also announced plans to investigate the Trump EPA's implementation of the revised Toxic Substances Control Act, which was reenacted with broad bipartisan support in 2016. Planned EPA limits on the use of science are also likely to be featured. With DeGette and Bobby Rush, who will lead the energy subcommittee, Pallone has also initiated an investigation into Energy Department efforts to roll back appliance efficiency standards.

And Grijalva has launched one of what is likely to be several investigations into industry influence into the Interior Department's leasing programs. He has also promised tough scrutiny of Secretary Ryan Zinke, who is facing ethical woes over a travel scandal and is widely expected to be replaced. Together with Representative Betty McCollum, the Minnesotan who will oversee appropriations for EPA, Interior, and other environmental agencies, Grijalva is asking why the Forest Service and Interior Department suddenly ended a multi-million-dollar environmental assessment that could have led to a 20-year moratorium on copper and nickel mining in the Superior National Forest and nearby Boundary Waters Canoe Area. For her part, McCollum is promising a close look at White House budget requests and plans to use the power of her purse — an estimated $35 billion — to limit rollbacks. "We're going to look at the budget carefully, look at oversight carefully, and make sure that we fulfill our mission of protecting people's health," she says. "That's the air they breathe and the water they drink."

While Senate Democrats lack subpoena and other investigative powers their House colleagues will enjoy, a series of pending nominations will give them an opportunity to weigh in — though without GOP support, they will almost certainly lack the votes to block nominees. Trump has already nominated Andrew Wheeler, a former energy industry lobbyist, to permanently replace Pruitt as EPA's administrator, as well as respected professional Alexandra Dunn to lead the agency's toxics office. And Trump's recent nomination of White House deregulatory czar Neomi Rao to fill the seat left open on the U.S. Court of Appeals for the District of Columbia Circuit by the elevation to the Supreme Court of Brett Kavanaugh will renew a debate on the administration's regulatory rollbacks.

At a minimum, Democrats hope their scrutiny of the agencies' policy decisions will slow them down, though it remains to be seen whether they can stop them. Markey, who led the select climate committee when he served in the House, said recently that
Democratic oversight can make a difference. “Ultimately we can put a brake on all of the dangerous climate rollbacks the president is engaged in. That would be a fundamental difference from today.” But Democrats like McCollum and several former Republican officials doubt oversight will make much of a difference to the administration’s deregulatory agenda. Democrats will have “zero ability to affect the agenda and only a modest ability to affect the result,” says one former GOP aide.

Even Democrats appear to be setting their sights low, hoping only to hold officials “accountable” for their decisions, even as they pay lip-service to restoring requirements that have been gutted. Such accountability could even include use of the Congressional Review Act, the 1995 Newt Gingrich creation that GOP lawmakers and Trump used to rescind a host of Obama-era regulations by simple majority votes. While Democrats’ resolutions will not make it through the Senate, nor win Trump’s signature, their disapproval resolutions could provide an important messaging tool that could force Republicans to vote on climate and other deregulatory actions. “I think that is going to be a tactic that is used quite often,” says Cliff Rothenstein, a former Democratic staffer and Clinton appointee at EPA who is now a government affairs advisor at K&L Gates.

While a divided Congress may be off limits for policymaking and the agencies may be stymied via House oversight, some of the most ambitious environmental policies are likely to be developed in states, where Democrats made significant electoral gains. In all, Democrats picked up governorships in seven states — Illinois, Kansas, Maine, Michigan, Nevada, New Mexico, and Wisconsin — where they are expected to tighten environmental regulations and their enforcement. Democrats also flipped attorneys general post in four states — Colorado, Michigan, Nevada, and Wisconsin — providing more resources to the AGs of California, New York, and other states who have been leading litigation against the Trump rollbacks. Democrats also made significant gains in state legislative chambers, picking up more than 300 seats that gave them control of seven new chambers, though Republicans still control 61 of 98 legislative bodies. [For a summary on the success of state environmental ballot initiatives, see Linda Breggin’s Around the States, page 11.]

Democratic efforts at the state level will push back on Trump deregulatory measures — for example, by codifying Obama-era standards in a state or accelerating their states’ renewable energy ambitions. At least five of the new Democratic governors have promised to raise their renewable energy targets to 50 percent or more. In New Mexico, new Governor Michelle Lujan Grisham is one of those Democrats promising to raise renewable energy goals while also vowing to clamp down on methane emissions from the oil-and-gas sector. As the Trump administration rolls back federal rules there, Grisham is planning to bring together industry, environmentalists, and others to negotiate a consensus approach. “I have already signaled, well before I was elected, that I want to take that kind of a platform,” she says, adding that the state would “fight” administration efforts to expand drilling on federal land.

Such plans for ambitious environmental policies are likely to test Trump’s commitment to cooperative federalism, as states advance environmental policies that clash with his deregulatory agenda. A case in point: Colorado recently adopted California’s vehicle greenhouse gas standards at the same time as administration officials signal they plan to block them. A group of 11 Northeast and Mid-Atlantic states are currently considering plans to impose a regional carbon price to cut greenhouse gases from the transportation sector, much as the Regional Greenhouse Gas Initiative has for power plants. Virginia and New Jersey, where Democratic governors were elected in 2017, are on track to join RGGI’s cap-and-trade program for utilities.

In a divided federal government, expect tension as the Democratic House exercises its dormant oversight muscles, Senate Republicans muscle through appointments, while the president avoids bipartisanship that might yield useful progress.