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Democrats took control of the US House of Representatives in the election last week, took full control of six state governments (Nevada, Colorado, New Mexico, New York, Maine, and Illinois), took governorships in seven states (including Michigan, Wisconsin, and Kansas), and made significant gains in state legislatures in states like Minnesota and New Hampshire. What kind of climate agenda might these newly empowered states, governors, and legislators pursue? Any answer must take into account the limitations on legislators who have only partial power (Democrats at the federal level or in New Hampshire), not to mention the reality that state governments face a still-hostile federal executive? Those limits of power are highlighted by the example of the loss of a state carbon tax ballot initiative in Washington State, emphasizing the difficulty of enacting carbon pricing schemes (something Eric has talked about <u>elsewhere</u>).

We believe that any sort of agenda must be (a) politically realistic to enact in the immediate future; (b) have tangible benefits for the climate; and (c) provide a stepping stone for building more support for more ambitious climate policy down the road (again, as Eric has discussed <u>before</u>). (<u>Here</u> is a recent news article in which environmental groups talk about a similar agenda (paywalled). <u>Here</u> is an excellent website that has a list of ideas that states and localities in the US can implement.) What kinds of policies might those involve?

Below, we provide a guide to policies that appear incremental, have broad political support (including the potential to attract support across the political aisle in states with divided government, or with Republican support in the Senate at the federal level); are legally plausible for states to adopt; and will have impacts now on the climate. Ideally, they would also support substantial investments in climate-friendly infrastructure and businesses (which builds future political support for more aggressive policies), build support for climate actions among voters, and reduce the costs of future more aggressive climate policies (for instance, by supporting innovation and cost reduction in key technologies).

That might sound difficult to achieve, but in fact there are a wide range of policies, many of which are easily available to states right now. Here are some ideas, organized by topic area. Some of these policies require legislation (and thus are a harder lift); others might be dealt with through regulatory action and thus might be done by a supportive governor even in the face of a hostile legislature (such as in Wisconsin where the incoming Democratic governor will face a Republican and conservative legislature).

Electricity

Support the construction of interstate electricity transmission systems. A key barrier to increasing the use of renewable energy in the United States is the capacity to transmit electricity from the parts of the country with lots of renewable energy potential (such as the windy Great Plains) to the parts of the country that need the energy (such as the Northeast). Construction of more long-distance interstate electricity transmission lines is crucial to this effort, but can get held up by state laws that restrict approving these projects, or resistance in state regulatory agencies. State governments can use both legislation and changes in approach at regulatory agencies to facilitate these projects. And investments in transmission lines for renewable energy will create more investment in renewable projects and increase potential future support for renewable energy down the road.

Reduce regulatory obstacles to distributed renewable investments by businesses and homeowners. Distributed renewable energy (primarily rooftop solar) can be a great investment for businesses and homeowners, and help increase a state's renewable energy production. It also creates a large popular base among homeowners and business leaders for additional support for renewable energy. However, state laws may treat these smallscale renewable projects similar to large utility-scale power plants, burdening them with regulatory requirements that are not feasible for an individual homeowner, or worse yet, effectively prohibit third-parties from financing and owning roof-top solar on homes and businesses (a business model that is now quite important). In addition, some states have reduced the monetary incentives for distributed solar development by changing net metering policies that provide compensation for the additional energy distributed solar producers put onto the grid. These are policy changes that might sometimes require legislation, but other times can be done through changes in rules and decisions by state regulatory agencies.

Adopt or strengthen renewable energy portfolio standards for regulated utilities. These regulatory standards have been popular across the country, including in some conservative states. Nevada just increased its standard to 50% by 2030. They directly encourage investment in renewable energy and can reduce carbon emissions and build future support for additional policies.

Reduce regulatory obstacles to the development of additional large-scale renewable *energy projects, particularly by independent power producers*. In some states, there are significant regulatory restrictions on new utility-scale renewable energy projects – for instance, zoning regulations that prohibit wind farms; in other states, prohibitions or restrictions on non-utility owned power plants that export their power out of state. Changes here again can be through state legislation or regulatory action. And again, more investment in renewable energy projects should increase support for those policies in the future.

Require utilities to deploy new energy storage technologies. California has been a leader along these lines, but lots of other states could follow along. Energy storage is a key component of decarbonizing electric grids, as it can help resolve the problem of intermittent production from wind and solar. Encouraging further investment in energy storage can both have climate benefits now, but also facilitate innovation and cost reductions for future deployment, and build investments in a new technology field that can have political payoffs down the road. Many states could do this through regulatory action.

Transportation

Adopt the California car emissions standards, especially zero-emission vehicle requirements. One of the most important factors driving the development and rollout of electric vehicle models by automakers are regulatory requirements, including California's mandate that a certain percentage of cars sold be zero-emission vehicles. Under federal law, other states can join in with California's standards if they wish, and by increasing the US market share covered by the requirements, states can make great progress on decarbonizing the US vehicle fleet. Depending on the state, this step might be possible with unilateral executive action, or it might require legislation. The Trump Administration is poised to challenge California's authority, but the more states adopt California standards, the more pressure the Administration and the industry will face to compromise.

Provide support for the buildout of electric vehicle charging stations. A key limitation on the increased deployment of electric vehicles in a state is the existence of a charging station network to support those vehicles. States can encourage the development of those networks through tax breaks, allowing or requiring utilities to build out those networks, or by changing building codes to require large new developments to provide charging stations. Again, depending on the state some of these steps might require legislation (such as tax breaks) while others (such as authorizing utility construction of these networks) might be possible through regulatory action. Again, building investments in the electric vehicle charging network is only going to help build more support for electric vehicle programs in the future.

Provide tax breaks for the purchase of electric vehicles. This can be expensive for a state, and thus may have less of an ability to scale up than regulatory requirements. But

California has used this program for a while, and some other states have dabbled with it as well. Most likely will require legislation.

Other actions.

Regulate emissions of methane from oil and gas development. Many states have already been doing this, including California. This is a simple regulatory step that can have a large and immediate climate impact, given how bad methane is as a greenhouse gas pollutant. In many cases, this can be done through regulatory action without legislation.

Impose carbon emission regulations on major industrial sources. States might encourage increased efficiency and adoption of alternative energy sources in a wide range of industrial sectors by establishing regulations for carbon emissions from those sectors. Those requirements need not be strict initially to potentially make a large difference.

Building codes. States could update their building codes to require that new construction is more efficient in its energy usage, and has fewer greenhouse gas emissions from construction and operation. Generally this can be done through regulatory action.

Litigation. Several states have new Democratic Attorney Generals. These AGs can join climate litigation brought elsewhere. They may also be able to bring actions under state law to enforce existing restrictions on fossil fuel plants.

State proprietary activities. State and local governments own many buildings and large vehicle fleets. They can lead the way on renewables and energy efficiency, helping to build out the markets (and often saving the state money in the process, always popular with voters.)

These are incremental activities, but they can help build momentum at the state level, and ultimately at the federal level. And the cumulative effects of state-by-state incremental actions are not to be scoffed at.