States have played a critical role in U.S. climate policy. The federal government is now supporting that role with federal funding for states. In the meantime, a number of states have moved a step further in plans to phase out gas and diesel vehicles. Two key states have ramped up their plans for carbon neutrality, while offshore wind made a big step forward in the Midwest of all places.

The first of these developments is federal support for states. The Infrastructure Act provides $5 billion in funding for states to help develop a national EV charging network. Last month, DOE solicited applications from states to develop clean energy projects. Funding is available by state: California can apply for $30 million; Texas is eligible for up to $33 million; and New York could see about $17 million.

The Inflation Reduction Act provides another important source of state funding. A key provision (IRA § 60114) appropriates $250 million to support emission reduction planning by state governments. This is especially important for smaller states that want to decarbonize but may not have the resources for the kind of scoping plan that a state like California can afford. The possibility of snagging some of this funding may also help nudge some lagging states to think seriously about cutting carbon emissions.

Another development with multi-state implications involves electric vehicles. Under the Clean Air Act, California has the unique ability to set its own standards for tailpipe emissions from new vehicles, including greenhouse gases. Other states can then piggyback on California’s efforts. California has now adopted a rule phasing out gas and diesel vehicles by 2035. There are some aggressive milestone requirements: 35% of new vehicles must be electric by 2026 and 68% in 2030. Washington State, Massachusetts and Virginia are all legally committed to follow the CA standard. Oregon seems likely to do so soon. New York has a similar goal but apparently no specific mandate yet in place.

There’ve been some other major developments in California. Last week, the legislature passed a major package of laws pushed by Governor Gavin Newsome, including measures that will require the state to become carbon-neutral by 2045, produce 90% of its electricity from clean sources by 2035, create safety zones around oil wells near homes, and draft rules for carbon capture technology. Part of the package was a measure to keep the Diablo Canyon nuclear plant open longer before phasing it out.

In the meantime, a California agency has set goals of generating five gigawatts from offshore wind by 2030 and twenty-five gigawatts by 2045. Halfway across the country, offshore wind got another boost from an Ohio Supreme Court decision that upheld a permit for what could be North America’s first freshwater wind farm on one of the Great Lakes.

On the East Coast, Massachusetts’s GOP governor, Charlie Baker, approved sweeping climate legislation that will help the state meet its net zero by 2050 target. The legislation directs investment toward renewables, the power grid, and stationary storage. Notably, the legislation will allow ten municipalities to ban natural gas use in new buildings. The law also includes funding for offshore wind energy and electricity grid improvements, as well as incentives for electric vehicles and appliances.

I predict that we’ll see a wave of legislation and agency regulation at the state level, sparked by federal legislation. It’s not just the direct funding for state governments that makes me think this. It’s also the fact that the Infrastructure Act and IRA will lower the cost of cutting carbon emissions for firms and consumers. That’s going to make it feasible for state regulators to be a lot more aggressive.