

The Inflation Reduction Act (IRA) creates a massive funding program for clean energy and other climate policies. This funding complements regulatory efforts at EPA elsewhere. Yet authority over energy policy is fragmented at the federal level. Without better coordination, there's a risk that various policies will mesh poorly or operate at cross-purposes. And state governments, who are also major players in this area, will find it hard to coordinate with the Feds if they don't know where the Feds are heading.

There's no question that federal authority over energy is fragmented. The Federal Energy Regulatory Commission oversees energy markets, pipelines hydropower and to some extent power transmission. The Department of Energy has limited regulatory powers (primarily over transmission) but controls nuclear power and a lot of spending. EPA regulates pollution from the energy sector, including emissions of greenhouse gases, which has an important impact on the energy mix. The Department of Interior owns or controls a big chunk of oil and gas resources as well as important sites for clean energy projects and transmission.

The White House climate czar is meant to help coordinate these activities. But a small White House office can't provide the guidance needed for a diverse group containing thousands of federal officials to coordinate their activities. It also can't map the trajectory of federal policy well enough to guide to all the actors in the private sector and state government who need to coordinate their plans with the Feds.

I've begun thinking of coordination mechanisms that could help ensure that agencies are all moving in the same direction. Here are some preliminary thoughts:

Scoping plans. California has successfully used scoping plans to guide its overall climate policies. It's not clear to me whether there's a way of directing translating this process into the federal legal framework. Still, something like the use of programmatic environmental impact statements could provide a model for how to implement broader scale planning within the executive branch.

The social cost of carbon (SCC). The SCC is an estimate of the amount of harm caused by each additional ton of CO₂. Discussion of the SCC tend to focus on substance, and it's obviously important to try to get the number right. Quite apart from what number to use, the effort to settle on a single number for all agencies is helpful in aligning their policies and helping outsiders gauge where the agencies may be heading.

Standardizing models and scenarios. Agency plans aren't likely to gibe if they're using different ways of projecting the future. It would be very helpful if agencies could agree on a standard set of models of the energy system and a fixed set of scenarios to be considered, such as different trajectories for energy prices and transmission roll-out. Standardizing would also allow more focused work inside and outside the federal government to improve the models and investigate their implications.

Institutionalized coordination. There undoubtedly many informal interactions between agency officials, but it would be helpful to have something more established. One model could be the Federal Stability Oversight Council, which was established by Dodd-Frank. FSOC brings together ten different federal agencies, plus some state officials in an advisory capacity, with the mission of preventing another federal crisis. A similar group of agency officials could be established for the energy transition, initially by executive order (and with voluntary participation by FERC), and maybe later by statute.

A political scientists once said that getting agencies to cooperate is like teaching elephants to dance. Maybe so. But for the energy transition to happen, improved coordination is vital.