

An offshore oil rig is shown at sunset, with the sky transitioning from orange to blue. The rig's complex structure, including cranes and platforms, is silhouetted against the bright horizon. The ocean is visible in the foreground.

## PRG Pulse 2024 Post-Election Analysis: Energy and Environmental Policy

Update

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### Baseline

A second Trump administration is expected to prioritize “energy dominance,” focusing on expanding oil and gas, reducing regulations, and increasing drilling, especially with Republican-led committees in Congress likely supportive of these goals.

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### Pulse Check

Observers should not overplay the significance of a presidential change to continued transition. Clean energy sectors from energy storage to hydrogen and sustainable aviation fuel (SAF) continue to garner widespread bipartisan support. While Trump has expressed doubts about some new technologies, market forces and existing federal and state policies are expected to keep driving clean energy growth, maintaining momentum toward a diversified energy future.

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### What to Monitor

Expect regulatory rollbacks and executive orders, likely targeting expedited pipeline permitting, offshore drilling, and lifting the liquefied natural gas (LNG) export moratorium, among other environmental reviews. As for the future of the Inflation Reduction Act (IRA), strong support from Trump allies in key congressional districts, as well as the energy industry, makes a complete

rollback unlikely. Instead, the administration may attempt to reallocate or restrict some funds.

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We expect that that a second Trump administration's approach to energy policy will reflect many of the same ethos that defined the first, including a focus on "energy dominance" through enhanced energy security and economic competitiveness. President Trump has committed to expanding oil and natural gas, reducing regulations and increasing drilling on public lands, all of which are measures that will be of interest to new congressional leadership representing traditional energy-producing states. With Republicans controlling the Senate, Shelley Moore Capito (R-WV) and Ted Cruz (R-TX) are set to chair the Committee on Environment and Public Works and the Committee on Commerce, Science, and Transportation, respectively.

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## The Energy Transition

While the pace and trajectory may change, both Washington and the US market are poised to continue the energy transition. Since President Trump left office in 2021, significant amounts of wind and solar power have been added to the US energy portfolio, US technology companies are driving rapid growth in electricity demand, and multibillion-dollar investments into electric vehicles and battery technology have been made. Likewise, clean energy sectors from energy storage to hydrogen and SAF garner widespread bipartisan support. That said, President Trump on the campaign trail expressed rhetorical misgivings about certain technologies. It remains to be seen if that will be reflected in actual policy change.

Anticipated regulatory rollbacks and executive orders will likely target expedited pipeline permitting, offshore drilling, and lifting the LNG export moratorium, among other environmental reviews. Environmental concerns, such as greenhouse gas (GHG) emissions, are likely to be reframed in the context of energy security, with an emphasis on energy diversity and technology solutions like carbon capture and sequestration (CCS), nuclear, and geothermal power. Finally, President Trump has signaled his intention to withdraw the US from the Paris Climate Agreement again and potentially the United Nations Framework Convention on Climate Change (UNFCCC), as he views unilateral global commitments to be harmful to US economic competitiveness. The latter act may face legal hurdles if attempted without ratification.

As for the future of the IRA, President Trump stated during the campaign that he would like to "rescind all unspent funds." Strong support from Trump allies in key congressional districts, as well as the energy industry, makes a complete rollback unlikely. Instead, the administration may attempt to reallocate some funds towards traditional infrastructure (e.g., roads and bridges) or withhold certain funds by revising IRS regulations to restrict elective pay. Clearly, there

are risks. But there have been significant expressions of support for a range of clean energy issues even as fossil fuel resources are expanded.

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## Fuel & Transportation

The Trump administration is likely to slow the transition to electric vehicles (EVs), given the president's campaign rhetoric against EVs and his opposition to IRA tax credits for them. He has also pledged to end the "EV mandate" and may work to overturn recent tailpipe emissions and Corporate Average Fuel Economy (CAFE) standards and California authorities that were targeted during his first administration. However, Elon Musk's support for Trump could complicate an anti-EV agenda, leaving the possibility that Musk could influence Trump to support policies favorable to Tesla over other EV manufacturers. That said, the next administration is likely to be highly suspicious of regulatory standards bent on marginalizing internal combustion engines.

President Trump's victory brings uncertainty to incentives supporting clean fuels, including the Internal Revenue Code Section 45Z Clean Fuel Production Credit, which may be targeted for amendment or repeal. A proposed rule on this credit is expected before the Inauguration but may be vulnerable to a Congressional Review Act challenge. Other issues to watch in the fuel and transportation space include a range of potential changes to the Renewable Fuel Standard (RFS).

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## Power & Utilities

With growing demand for power driven by data centers, AI, and reshoring of manufacturing, a key area of focus for the Trump administration will be on building up the resiliency and reliability of an already underprepared US grid. We can expect that President Trump will shift toward dispatchable energy and fossil fuels in addition to clean energy from a broad range of renewable sources.

President Trump's regulatory focus will likely be on dismantling US Environmental Protection Agency (EPA) rules on GHG emissions from coal and natural gas plants, as well as other rules on particulate matter, mercury, and coal ash. Alongside these efforts, rules like 111(d), already in litigation, could be settled favorably for the energy industry.

Two issues that are expected to continue garnering bipartisan support, and which the first Trump administration championed, are nuclear energy and permitting reform for energy infrastructure projects. Meanwhile, the renewable energy industry may need to navigate protectionist trade policies that restrict critical minerals and supplies from foreign sources, particularly China.

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## Environmental Justice

We should expect that the Trump administration will discontinue federal agencies' current remit to assess energy project and funding applications through the lens of environmental justice. Stand-alone environmental justice offices across the federal family are also likely to be rolled back into existing program offices.

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## The Bottom Line

While a Harris administration would have doubtless been more open to expansion of renewable energy, observers should not overplay the significance of a presidential change to continued transition. Powerful market forces coupled with federal and state policies will continue to move the needle in favor of clean energy even is the scope of energy sources supports by the next administration now will include both new and traditional energy technologies.

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