



## **Client Note: When It Rains It Pours - SEC, Approps, SOTU, and More**

### **A Finally Finalized Climate-Disclosure Rule**

After nearly two years since the release of the proposed rule, the SEC finalized its highly-anticipated climate-related disclosure rule earlier this week. The proposed rule received more than 24,000 comments, including 8,000 submitted within 72 hours of the commission's vote on Wednesday.

In a disappointment, but as no surprise to many climate financial regulation advocates, the rule removed scope 3 supply chain emissions from the reporting requirements. However, in an unexpected turn of events, the scope 1 and 2 emissions (direct emissions and emissions from energy purchases) reporting requirements were also modified, resulting in a less comprehensive rule than initially proposed. The rule outlines that companies only need to report their direct emissions if the emissions are "material." The final rule also now requires that scope 1 and 2 emissions reporting will be "phased-in" and only applies to large accelerated filers and accelerated filers (public companies with global market value of at least \$700 million and \$75 million, respectively), exempting smaller businesses from disclosure. Find out more on the SEC's fact sheet [here](#).

The rule has received both praise and scrutiny from all sides. Climate financial regulation advocates are generally [supportive of the rule](#) and thank the SEC for taking the first step in disclosing GHG emissions. However, some are [considering challenging](#) the SEC's removal of scope 3 from the final rule. Very vocal opponents of the proposed rule, such as the [American Farm Bureau Federation](#), are now applauding the SEC for their work, while other opponents continue to attack the SEC, including [10 states' Attorneys General](#), who are suing to block the rule. We are watching carefully how this impacts an anticipated Congressional Review Act vote to void the rule - the SEC's changes may have the benefit of keeping vulnerable and agricultural-state Democrats like Senators Jon Tester (D-MT) and Amy Klobuchar (D-MN) from voting for the CRA.

Despite being scaled back, the rule is a landmark policy that will provide investors with valuable information that they've been long seeking. Eyes now turn to California and the European Union, who have their own policies on emissions disclosures, which include scope 3 emissions reporting. Global companies will likely still need to provide detailed supply-chain emissions information as a result of these requirements raising the bar beyond the U.S. standards for any company operating in California or overseas.

### **Progress on Appropriations**

For once, things seem to be going as planned with appropriations: last weekend, the [text for the first six FY24 bills](#) was released; on Wednesday, the House passed the package with a strong bipartisan vote of 339-85; and we expect the Senate to pass the bill later today. In general, Democrats got more wins than Republicans – almost none of the poison pill riders were included (though things like a ban on COVID-19 mask mandates on public transportation were), no draconian cuts were required, and Democrats

succeeded in getting the \$1 billion in funding for the Supplemental Nutrition Program for Women, Infants and Children (WIC) dollars they fought for. The few places where Republicans did achieve major cuts have asterisks; for example, Republicans are touting a \$977 million (nearly 10%) drop in the EPA budget (mostly from Superfund), but this is more than offset by funding Superfund received in the bipartisan infrastructure law (IIJA). There are similar gimmicks around FBI and ATF spending which are basically returning to normal after large construction funding last year.

The next step is to do this dance all over again with the final six bills (Defense, Financial Services-General Government, Homeland Security, Labor-HHS-Education, Legislative Branch, and State-Foreign Operations) which expire on March 22nd. The chatter among Hill aides is that negotiators are completely stuck on both the DHS (border policy) and State-Foreign Ops (foreign aid to Gaza) bills while the other four bills are largely finished. Sadly, a government shutdown over these final six bills is still a possibility.

If and when Congress concludes its work on FY24, we will catch up midstream on FY25 appropriations. The House Budget Committee [passed its budget resolution](#) this week which repeals the climate and clean energy provisions of the IRA. The President's budget plan is expected on Monday. Each of these are merely mile-markers in the funding process but otherwise have no policy effect.

## **ICYMI**

**Direct Pay Finalized:** On Tuesday, the IRS [released final guidance](#) on how IRA clean energy credits can be financed as direct payments for governmental and tax-exempt entities. Additionally, Treasury is [requesting comments](#) on “chaining,” aka using direct pay for credits purchased in a separate transfer, and also [proposed regulations](#) on direct pay utilization by co-owners of clean energy projects. Notably, Treasury did not include final transferability guidance, which many companies are eagerly awaiting.

**Powell on the Hill:** This week, Fed Chairman Jerome Powell made his semi-annual appearance to testify before Congress, facing questions about the timeline for interest rate cuts and how incoming data will inform the Fed's decision making. He [reiterated](#) expectations that cuts will take place later this year (not specifying when, or how many), and that the central bank is aware of and considering the risks of cutting rates too soon, too late, or too little. Notably, Chairman Powell acknowledged effects that the proposed Basel III regulations could have on lending ability, [saying](#) there would be “broad and material” changes by the end of this year.

**SOTU:** Last night, a fired-up and ready-to-go President Biden delivered the annual State of the Union Address, picking up where he left off from last year's SOTU, forcefully advancing his policies and [responding in real time to Republican jeers](#). He spoke on several topics ranging from Russia's war on Ukraine, the January 6th attack on the Capitol, reproductive freedom and IVF, Israel and Palestine, voting rights, taxes on billionaires and corporations, and more. His high energy speech, which included cracking jokes about his age, also acknowledged his special guests including UAW President Shawn Fain and his historic union support, Swedish Prime Minister Ulf Kristersson and Sweden's admission to NATO, civil rights leader and singer Bettie Mae Fikes..

**Super Tuesday:** [In a scenario](#) widely forecasted, former President Trump and President Biden are once again their parties' nominees for president now that Former South Carolina Governor Nikki Haley has dropped out. Representative Adam Schiff (D-CA) is set to secure the late Senator Dianne Feinstein's seat in California, and a number of incendiary Republican candidates got a step closer to holding seats across state governments and federal offices. Separately, Senator Kyrsten Sinema (I-AZ) announced [her first term will be her last](#), leaving a contested Senate race between Rep. Ruben Gallego (D-AZ) and 2022 Republican gubernatorial candidate Kari Lake.

**FAA:** The Senate joined the House in passing an extension of the FAA authorization through May 10.

### **Clients in the News**

**Climate Power** co-hosted [Clean Energy Business and Innovation Week](#), which convened over 100 executives and representatives from clean energy companies to meet with top agency officials, learn how to take advantage of funding opportunities, and defend clean energy policies like those in the IRA.

**Climate Power** also released their updated [Climate Energy Boom Report](#), which highlights 271,713 jobs, 523 projects, and \$352 billion in clean energy investments across the country since the passage of the IRA. Notably, over half of the new jobs and investments are located in Republican districts, while 228 projects and 105,182 jobs have been created in low-income communities, and 43,570 jobs in rural communities.

*Time* [featured](#) the top 250 greentech and sustainability-focused companies in America, including [Brimstone](#) (5th), [Universal Hydrogen](#) (13th), [Arable](#) (20th), [C-Zero](#) (24th), [Charm Industrial](#) (29th), [AMP](#) (32nd), [Ripple Foods](#) (175th), and [Regrow Ag](#) (206th).

**SEIA** released a report [highlighting](#) an unprecedented 32.4 GW of new solar energy capacity last year, 51% higher than 2022 and its first time as a majority of electric generation.

### **Next Week: [Hearings to Watch](#)**

*Tuesday, March 12th*

#### **House Oversight Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs**

“The Power Struggle: Examining the Reliability and Security of America’s Electrical Grid”

(10:00 AM EST), watch [here](#)

#### **Senate Energy and Natural Resources**

“Hearings to examine the findings and recommendations of the Wildland Fire Mitigation and Management Commission”

(10:00 AM EST), watch [here](#)

#### **Senate Finance**

“Hearings to examine the growing U.S. manufacturing through the tax code.”

(10:00 AM EST), watch [here](#)

#### **Senate Budget**

“The President’s Fiscal Year 2025 Budget Proposal”  
(10:15 AM EST), watch [here](#)

**Joint Economic Committee**

“The Fiscal Situation of the United States”  
(2:30 PM EST), watch [here](#)

*Thursday, March 14th*

**Senate Homeland and Security and Governmental Affairs**

“Hearings to examine responding to the increasing wildfire threat”  
(10:00 AM EST), watch [here](#)

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