



*\*Don't miss our updated Inflation Reduction Act Program Trackers at the bottom of this note.*

**Client note: A historically productive Congress ends with a bang**

In the past two years, Congress passed two massive reconciliation bills (the American Rescue Plan to fight COVID in early 2021 and the Inflation Reduction Act [IRA] in 2022); a host of major bipartisan legislation like the Infrastructure Investment and Jobs Act (IIJA), the CHIPS & Science Act, and gun safety legislation; and confirmed historic nominees, including Supreme Court Justice Ketanji Brown Jackson. This all happened during a full-fledged pandemic and a war in Ukraine, with razor-thin majorities in the House and Senate, and on the heels of the January 6th insurrection and a growing anti-democracy movement.

Now, it appears all but certain that Congress will close out the year by passing a \$1.7 trillion omnibus annual appropriations package (including a host of bipartisan bills riding along). Moments ago, the Senate passed the package by a vote of 68-to-29. It will now go to the House and is slated to pass later tonight before going to the President for his signature. During a series of 17 amendment votes, the Senate rejected competing border policy amendments (more on that below) and added the Pregnant Workers Fairness Act (by a vote of 73-to-24), which guarantees pregnant women reasonable accommodations at work.

All this, plus a surprise speech from Ukrainian President Zelensky to Congress last night, the release of six years of former President Trump's tax returns, and publication of the final Jan. 6 committee report.

Barring any major developments, this will be our last client note for 2022 - happy holidays and we look forward to seeing you all in the new year!

**Omnibus**

Yesterday, negotiations to move the omnibus stalled over a Republican amendment to force the Biden Administration to keep in place the Title 42 policy instituted under Trump, which expels migrants and asylum seekers during the COVID-19 health emergency. Today, the Senate rejected that amendment offered from Sen. Lee by a vote of 47-to-50 along with a related amendment by Sens. Tester and Sinema by a vote of 10-to-87.

The [overall package](#) funds the government through FY23, which ends on September 30, 2023. It has been hashed out between both parties in the Senate and House Democrats (House Republicans are nearly universally opposed), and it includes major wins for both parties (including more than \$15 billion in earmarks). Maybe the biggest win for Republicans is the 10% increase in defense spending, higher than the 9.3% increase in non-defense spending; Democrats win by getting to have the lions' share of funding aligned to their priorities, which is especially important now, with Republicans taking over the House next year (and the possibility that continuing resolutions, rather than new appropriations bills, will be passed

going forward). Additionally, the bill includes \$45 billion for Ukraine, as well as extensive funding for programs authorized in the IIJA and CHIPS and Science Act.

Some provisions of note in the climate world include:

- Department of Energy
  - \$3.5 billion for the entire Office of Energy Efficiency and Renewable Energy (EERE), which oversees many of DOE's clean energy programs (\$260 million increase). Of that, \$318 million is specifically for solar energy (\$28 million increase)
  - \$89 million for the Office of Clean Energy Demonstrations, which was created in the IIJA to run the Hydrogen Hubs, Direct Air Capture (DAC) Hubs, and other innovative climate tech investments (\$68 million increase)
  - \$140 million for carbon dioxide removal research, development and demonstration (and language directing DOE to pilot purchasing carbon dioxide removal)
  - \$316 million for hydrogen programs across EERE and and Fossil Energy and Carbon Management (FECM)
  - \$685 million for industrial decarbonization programs
  - \$470 million for ARPA-E (\$20 million increase)
  - \$540 million for energy storage research & development and commercialization across several DOE offices
- \$207 million for the Department of Agriculture's Forest Service to conduct hazardous fuels reduction
- \$10.1 billion for the Environmental Protection Agency (a \$576 million increase)

Some major [non-appropriations legislation](#) was also tacked on, including the bipartisan Growing Climate Solutions Act (which will allow USDA to certify technical assistance and third-party verifiers so farmers can get their help accessing carbon credit markets), the SUSTAINS Act (which allows USDA to accept private donations to fund conservation work), and reforms to the Electoral Count Act (to fix some of the inconsistencies that former President Trump tried to exploit to overturn the 2020 election).

### **Preview for the 118th Congress**

As we've noted before, the 118th Congress won't pass nearly as much major legislation as the 117th, since the House (under Republican control) and Senate (under Democratic control) will largely be opposed to each other. However, we do expect Congress to devote time to the following areas next year:

#### *Farm Bill*

The Farm Bill, which every five years authorizes (and in many cases, funds) most of the government's agriculture and nutrition programs, expires in 2023. Historically, the Farm Bill has bipartisan support (similar to the annual defense authorization bill), but this Farm Bill is likely to be more contentious, and it's possible (if not likely) that passage slips until 2024. While House Republicans may use their majority to try to repurpose some of the conservation funding from the IRA, Senate Democrats will certainly put up a fight on this. And on a brighter note, Republicans (including incoming House Agriculture Committee Chairman GT Thompson) [have signaled](#) some openness on advancing climate priorities in the Farm Bill.

For those with equities in this space, there is no better time to talk to the Agriculture Committees and work to get programs tweaked or added.

#### *Implementation of the IRA*

The Biden Administration is working overtime to get the regulations and funding for IRA programs out the door. As they do so, Congress will be closely watching: Democrats will want to make sure that the money is being spent in the ways they intended (and in fact is being spent fast enough) and Republicans

will seek to find any hint of wrongdoing, misspent funds, or failure so that they can justify turning the funding spigots off and beating up Democrats in campaign ads.

This will also be a major area of interest for outside groups and industry seeking to apply for the IRA's many well-funded programs. The start of the new year is an opportune time to engage with agencies administering these programs.

#### *Appropriations and National Defense Authorization Act (NDAA)*

Every time a party takes over a chamber of Congress, new leadership breeds new dynamics -- we'll have a lot to learn about how House Republicans run the chamber and committees (including who's in charge, which has yet to be determined). And, of course, climate-minded folks will need to be ready to play defense, including in the appropriations and NDAA processes.

While in many ways, these two bills are the only true "must-pass" pieces of annual legislation, politicization in both processes is likely only to escalate next year. House Republicans have recently entertained punting on both of these; when they're in the majority, it's possible we'll see an end to the 60-year streak of an annual NDAA, and very likely we'll see increased shutdown threats (if not actual shutdowns).

Even if none of that comes to pass, we're likely to see antagonistic climate provisions get airtime, including things like blocking the SEC climate disclosure rules, placing new restrictions on climate funding, etc.

#### *Debt Ceiling*

It's currently projected that the nation's statutory limit on its debt will be reached in early-to-mid 2023; there's no exact date since the last increase was a specific dollar amount (rather than a suspension to a certain date). Either way, this likely will be one of the biggest political battles next year, as tight margins in both the House and Senate could challenge Congress's ability to raise the debt ceiling and prevent the U.S. from defaulting on its debt.

#### *Other House actions*

Much is still unknown about the House for next Congress. Without a Speaker, committee leadership or assignments, and the other basic organization, many of the crucial factors are still up in the air.

What we do know is that oversight over the agencies will be a major focus. Of course, oversight cuts both ways – it can uncover real issues and opportunities to improve programs, or it can be used to eat up agencies' time and prevent programs from getting off the ground.

#### *Other Senate actions*

Without as much legislation requiring floor time, the Democratic Senate is expected to throw itself into confirming nominees. This will include administrative positions very important to climate (e.g., a FERC chair), as well as confirming as many judges as possible.

**Inflation Reduction Act Program Trackers – DOE, EPA & USDA**

The Pioneer Public Affairs team is working to help our clients stay on top of IRA programs. Please take a look at our updated IRA trackers for DOE, EPA and USDA, and let us know if these are useful and how we can improve them. More importantly, let us know if you see any errors or dated info. Please send feedback to [zoe@pioneerpublicaffairs.com](mailto:zoe@pioneerpublicaffairs.com).

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