



Dear [REDACTED]

After eight years of the Obama administration's divisive energy and environmental policies, the American people have voted for a change—a big change.

We expect the Trump administration will adopt pro-energy and pro-market policies—much different than the Obama administration's top-down government approach.

President-elect Trump has promised to hit reset on the most harmful parts of the Obama climate agenda, including the Paris Agreement and the so-called "Clean Power Plan." He has also vowed to open up more federal areas for energy exploration and development. In short, the Trump administration could replace the Obama administration's harmful policies with ones that restore power and choice back to where they belong—with the American people.

Not only did Trump win, but the Republicans retained the Senate, and as of this writing, still have nearly a 50-seat majority in the House. And we're confident, that when needed, Vice President-elect Mike Pence will side with responsible energy development. Additionally, Republicans picked up three more governorships. Things are clearly looking up for American consumers.

Further, a carbon tax ballot initiative in Washington State was soundly defeated. If a carbon tax cannot pass in deep blue Washington State, where can it pass? This result effectively ends any talk of "momentum" towards a federal carbon tax or carbon-pricing scheme. Although we must remain vigilant to ensure it doesn't rear its head again, especially if Congress takes up comprehensive tax reform in the coming months. To be sure, our work is still far from over.

The next couple of months will see the Obama administration scramble to issue Executive Orders, finalize regulations, and create National Monuments in an effort to tie President-elect Trump's hands and give the Trump administration more work to do. We must stop them in their tracks so that the Trump administration can immediately get to work promoting pro-growth and pro-consumer policies.

The Trump Administration's Energy Plan

The Trump administration's energy plan and statements on the campaign trail indicate that they will likely focus on the following policies:

- **Withdrawing from the Paris Agreement.** The Paris Agreement is in deep trouble. President-elect Trump has promised to cancel the agreement and stop spending taxpayer dollars on wasteful U.N. climate programs. Even if the Trump administration does nothing, this means there will be massive defections from the agreement. Any prior commitments to emissions reductions or taxpayer funding for the Green Climate Fund should be seen as null at this point.
- **Increasing federal oil and natural gas leasing.** Less than 3 percent of federal offshore areas are currently leased for energy development. In particular, this will increase in the Chukchi and Beaufort Sea and the mid and south Atlantic. Onshore, there will be more leasing, especially in places like the National Petroleum Reserve-Alaska and on federal lands in the west.
- **Lifting the coal lease moratorium.** The Obama administration's coal leasing moratorium on federal lands—a part of their "keep it in the ground" strategy—will likely be terminated and royalty rates will likely be kept at current levels.
- **Giving the states greater say on energy leases on federal lands within their borders.** Here's what the Trump campaign wrote in response to the American Energy Alliance's Presidential candidate questionnaire:

"The federal government does have stewardship of millions of acres of land. Rather than selling the land to states and private enterprises, the first step should be establishing a shared governance structure with the states. This first step would allow for maintaining the aesthetics of the land while finding ways to gain revenue that would benefit both the federal and state governments."

- **Expediting approvals of LNG export terminals.** The Obama administration has slow-walked the review of LNG export terminals. Under the Trump administration, approvals will be expedited.

- **Hitting reset on the Clean Power Plan.** This regulatory rule is currently before the D.C. Circuit Court. Even if the regulation is upheld, the Trump administration will issue a new regulation withdrawing the Clean Power Plan. Also, the seldom-talked about regulation of carbon dioxide emissions from new power plants will also be withdrawn.
- **Reconsidering the "endangerment finding."** In response to *Massachusetts v. EPA*, the Obama administration found that greenhouse gas emissions harmed human health and welfare. This is the regulatory predicate to the Obama administration's Corporate Average Fuel Economy (CAFE) mandates and Clean Power Plan and greatly expanded EPA's power. This finding will be reconsidered and possibly revoked, marking a major blow to underpinning for many climate regulations.
- **Moving forward with pipeline infrastructure.** The Obama administration slow-walked the Keystone XL pipeline, making it a political issue, and has done the same with the Dakota Access Pipeline (DAPL). The Trump administration will likely work to streamline and expedite pipeline permitting.
- **Taking a closer look at the environmental impacts of wind energy.** Trump has been concerned about the harms to wildlife from wind turbines such as bird and bat deaths. Unlike before, wind energy will rightfully face increasing scrutiny from the federal government.
- **Reducing energy subsidies.** Here's what the Trump campaign wrote in response to the Presidential candidate questionnaire from the American Energy Alliance:

"This is an issue for Congress and the people they represent. Subsidies distort markets and should be used only when national security is at stake. Eventually, all subsidies should end so that the demand for energy will set prices, allow consumers access to the best values and encourage all facets of the energy industry to do all they can to keep their particular source competitive."

- **Amending the Renewable Fuel Standard (RFS).** Trump has expressed support of the RFS as a way to increase domestic energy production. The RFS will be amended to reduce EPA's discretionary authority to set the biofuel levels, especially after 2022.
- **Hitting reset on the Obama administration's unconstitutional definition of "Waters of the United States".** This rule is currently in the courts. The Trump administration could revise the regulation to work cooperatively with the states. An expansive definition of "waters of the United States" under the Clean Water Act tramples on the prerogatives of the states to regulate water.
- **Relaxing the federal fuel economy standards.** Under the Obama administration's CAFE standards, light-duty vehicles must achieve 54.5 mpg by 2025. This regulation will be significantly relaxed. It will either be completely withdrawn or revised and phased out to be closer to the current levels of fuel economy.
- **Ending the use of the social cost of carbon in federal rulemakings.** The Obama administration aggressively used the social cost of carbon (SCC) to help justify their regulations. During the Trump Administration the SCC will likely be reviewed and the latest science brought to bear. If the SCC were subjected to the latest science, it would certainly be much lower than what the Obama administration has been using.

Cabinet Positions

According to press reports there are a multitude of names being floated to run key energy agencies such as the Environmental Protection Agency, the Department of Interior, and the Department of Energy. It is difficult to know at this point whom the Trump administration will nominate to fill these positions. However, the Trump team has selected several longtime IER and AEA allies to lead the transition process for these agencies. Given the personnel that is in place and our involvement with the process, we are confident that the Trump administration will nominate candidates who embrace free-market ideals and who are dedicated to hitting reset on the Obama administration's harmful policies.

Our Mission is as Important as Ever

As someone from the business world who has never held public office, President-elect Trump and his administration represent a break from the norms of Washington and present real opportunity for change.

However, we must not rest on our laurels. We must seize this moment.

The opportunity that lies before us means that IER and AEA's mission is as important as ever. It is incumbent upon us to continue to fight for policies that take power out of Washington and restore it back to the states and the people.

For decades, the federal government's role in Americans' energy choices has steadily grown and has ballooned under the Obama administration. Failing to rein in Washington and reset decades of failing policies will result in a dim future for our children and grandchildren who will not enjoy the same opportunities as past generations.

We must continue to work with our allies to promote free-market ideals and to hold Washington lawmakers accountable. By staying true to our mission we can turn this opportunity into real-world change.

Your support has helped us get to this point, but there is much more to be done. With your continued investment, we can enact real change that will not only reset decades of failed policies, but will blaze a new trail toward prosperity for generations to come.

Please feel free to contact me at 202.621.2952 anytime with feedback or suggestions.

My best,
Tom Pyle

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