

# Nine things to watch in 2019: energy

Energy is poised to be a more relevant policy topic for 2019 than in years past

- 1 Climate politics**  
President Trump denouncing climate change and the upcoming 2020 election makes climate and energy policy more politically relevant
- 2 Regulatory lawsuits**  
The Trump administration will finalize rollbacks of President Obama's environmental policies, almost certainly prompting lawsuits
- 3 Ailing coal and nuclear**  
In 2019, the US will see debate over whether (and how) to keep coal and nuclear plants operational
- 4 Trade war impacts**  
In 2019, developments concerning Trump's trade war with China will impact the energy sector
- 5 Carbon taxes**  
Although political movement on a federal carbon tax is unlikely, the issue of carbon taxes is poised for increased discussion in 2019
- 6 Oil-demand levers**  
Increased support for electric vehicles and greater investment in petrochemicals would both influence US oil demand, although conversely
- 7 Oil price volatility**  
Oil prices will be highlighted in political discourse as the 2020 presidential election approaches, especially if President Trump highlights oil in tweets
- 8 Growing climate disconnect**  
Little progress on current climate goals, as well as the Trump administration's lack of support for the Paris Agreement, will be on display at September's UN summit
- 9 Australia and Brazil election consequences**  
Brazil's new president may push for further development of the Amazon, while the Australian prime ministerial election will feature climate and energy policies as key issues

# Climate change solutions will continue to spark political debate



## Climate politics

- Democrats have created the Select Committee on the Climate Crisis, which may consider a “Green New Deal” policy pushed by Rep. Alexandria Ocasio-Cortez (D-NY)
- Some potential Democratic presidential candidates plan to emphasize climate and energy policy on the campaign trail
- Oil and gas companies face increased pressure from investors and lawsuits on climate change; some may sever lobbying ties and invest in alternate energy technologies



## Carbon taxes

- Canada’s carbon tax, established Jan. 1, will act as a test case for carbon taxes in the US
- Washington state rejected a carbon tax proposal in 2018
- Despite the low chances that the US will seriously consider a federal carbon tax, advocacy efforts continue to grow. Two large US-based oil companies fund carbon tax advocacy
- A cold winter and robust economy led to US carbon emissions rising by 3.4 percent in 2018, the biggest increase in eight years



## Growing climate discontent

- In September’s UN summit, member nations will be expected to report progress or plans on their commitments to the 2015 Paris Climate Agreement, although few have made headway on current targets
- The Trump administration’s promise to withdraw from the accord will highlight any challenges or successes brought forth by the summit
- *\*Americans believe in climate change data*

Sources: Amy Harder, “9 energy and climate issues to watch in 2019,” *Axios*, Jan. 7, 2019; Ben Geman, “New House committee aims at climate ‘crisis,’” *Axios*, Dec. 28, 2018; Brad Plumer, “U.S. Carbon Emissions Surged in 2018 Even as Coal Plants Closed,” *The New York Times*, Jan. 8, 2019; Amy Harder, “With deep pockets, energy industry notches big midterm wins,” *Axios*, Nov. 7, 2018

# The administration will continue to push an deregulatory environmental agenda



## Ailing coal and nuclear

- Contrary to his campaign promises, President Trump has not kept economically struggling coal and nuclear plants open
- In 2019, the US will see debate over whether (and how) to keep these plants operational
- Coal plants closed at a near record rate in 2018 and some states have subsidized nuclear plants
- Pennsylvania's Three Mile Island nuclear plant, the site of America's worst nuclear-energy disaster, will shut down in 2019 without government assistance



## Regulatory lawsuits

- Last year, Trump initiated broad regulatory rollbacks of most of the Obama administration's environmental agenda
- This year many rollbacks become final
- 31 rollbacks are in progress; over half concern emissions and drilling
- In 2018, 11 rules were rolled back and then reinstated following lawsuits and other challenges
- In 2019, the US can expect lawsuits filed by Democratic states, such as California and New York



## Oil-demand levers

- Policies banning oil-fueled engines in favor of electric cars may decrease reliance on oil
- However, the debate about the EPA's change in fuel economy standards will continue
- Oil and gas producers may also focus on the production of petrochemicals, which make plastic products

# The international energy stage will remain volatile



## Oil price volatility

- There is no reason to believe that the oil price volatility of 2018 will slow
- Oil will be highlighted in political discourse as we near the 2020 presidential election, especially if prices rise and Trump makes the issue a focus area



## Trade war impacts

- In 2019, developments in Trump's trade war with China will impact the energy sector
- Oil and liquefied natural gas exports to China dropped in 2018
- US-based nuclear-energy company TerraPower will likely not follow through on plans to build a demonstration reactor in China, largely due to the Trump administration's restrictions on the country
- TerraPower's founder, Bill Gates, plans to advocate for American leadership in nuclear power research



## Australia and Brazil election consequences

- Brazil's new president, Jair Bolsonaro, has pulled back from his promise to withdraw from the Paris Agreement
- However, his emerging stance on development in the Amazon will impact carbon dioxide emissions
- Climate and energy policies have been at the center of the last prime minister elections in Australia, and will continue to be key issues in this year's election