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TRANSCRIPT
Energy 360°
“The Transition: Build Baby Build”

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Quill Robinson: Welcome to Energy 360, the transition, a CSIS miniseries, exploring the energy implications of Donald Trump's victory in the 2024 election. What are the Trump administration's energy policy goals? What political, geopolitical and economic challenges will influence Trump and his officials ability to achieve these goals? This week, Joseph and I discussed the Trump administration's energy ambitions with three top experts. Tim Puko is an energy and environmental reporter who has worked for some of the biggest news organizations in the world, including the Washington Post and Wall Street Journal. His work spans more than a decade, starting during the fracking boom in his hometown of Pittsburgh and reaching the most recent United Nations Climate Conference in Dubai. Emily Domenech is a senior vice president with Boundary Stone Partners and co-host of the Political Climate Podcast. She served as senior policy advisor to Speaker of the House, Kevin McCarthy and Speaker Mike Johnson, managing energy permitting and climate policy for house Republicans.

Prior to her work on Capitol Hill, Emily held political appointee positions at the Department of Energy and Department of Defense. Dave Banks is an economist, analyst and advocate focusing on climate change, energy and trade. He was the chief strategist for the Republican side of the House Select Committee on the climate crisis. Dave previously served as president Donald Trump's special assistant for International Energy and Environment at the National Economic and National Security Councils. Before that, he was senior advisor on International Affairs and Climate Change for President George W. Bush and a state Department foreign service officer and CIA Economic Analyst. Let's dive in. Drill baby drill, American energy dominance, liquid Gold. We've heard a lot of ideas and principles shared by President Trump on the campaign trail and by his surrogates, but I'm curious, what is the organizing principle of President Trump's energy policy in this new administration? And Tim, I'd love to start with you and just kind of hear your thoughts on what the organizing principle is, but also any differences between Trump 1.0 and Trump 2.0.

Tim Puko: I think maybe the most important thing to say is that there's really not that much difference at all. The core of what Trump stands for in energy and climate is still the same. And there's maybe a bit of an evolution around specifics, but pro fossil fuels, pro-American energy every day all the time is the guiding philosophy. One thing that I guess when it comes to evolution and things that are different, consumer prices has to stand out. We're in a much different time for consumers than we were, than when Trump came in the first time. Maybe ironically, prices haven't changed actually all that much. I had have to look at them to be exact, but I don't actually think that prices today are that different from when they were in 2016. But the direction is so much different. If we

remember the collapse in oil markets and then in oil prices and gasoline prices, consumer energy prices really started roughly in the summer of 2014.

At the end of the Obama years, and by the time Trump came into office, consumers were pretty, were getting used to prices getting low and then staying lower. Covid reinforced that a few years later. And so the difference is not prices, but the direction of prices. The Biden years, I would say not because of Biden, but just because of world markets, how they operate. Certainly the fallout from the pandemic played huge roles, but in many cases, inflation prices getting higher has been something that consumers felt. It became so central to Trump's campaign and this promise that he has made to lower prices for consumers to do it dramatically, I think by half, and to do it within about a year. If there's anything that's different, it's that the emphasis on that is so much more delivering what consumers want in prices that are going lower is now at the center of all the same stuff that Trump wanted to do that and wants to do.

Now we can get into the specifics of that, but it's basically trying to find a way to get more production onto market, making it easier on us domestic energy producers. And then I think that the trouble that you'll find is how to do that without then collapsing the industry, right? The problem for us producers is if they get what they want and they get all these things from Washington to make their lives easier, we've already seen oil prices are starting to come down again, and there's a real risk that I think that some are concerned about, that all this could be self-defeating if prices come down too much, and we can get into that later, but that's kind of the overarching situation.

Quill Robinson: So, Emily, you were directly involved in the creation of Republican energy policy both during the first Trump administration, also during the Biden administration. What's your perspective on this? What is the MO of Trump 2.0?

Emily Domenech: I think it's deregulation, deregulation, deregulation. I mean, when you get a second shot at the presidency, you start to think really quickly about what can you accomplish that has lasting impacts. And I think you're going to see a real move quickly from the Trump administration to push back against the administrative state and sort of say, how can we make some long-term institutional changes that perhaps undermine the folks who work against Republican policies consistently across the administrations? So I think we're going to see that in civil service reform. I think we're going to see that in deregulatory agenda from the Trump administration. Everything from rolling back the regs on NEPA. I think we'll see some of the clean power plan rules pulled back. I think

we'll see a reapproach to how we look at the way we build out power and transmission in this country. These are all really good things for people who care about building things in America, and that's what I like to remind my friends who are on the other side of the aisle who are perhaps apoplectic about a future Trump administration that if you care about building things, if you care about economic growth, this is all really, really good news for you, but it's going to start with Trump getting in place, really educated, well talented people, and we're already seeing that across the transition teams.

You see names like Andy Wheeler and Dave Bernhardt back in the mix. Even if they're only playing a role in the transition, those guys are really going to shape that agenda and they are smart enough and knowledgeable enough to know how to dismantle some of these pieces that worked against the Trump administration last time around.

Quill Robinson: So I want to turn from domestic to international here. And so Joseph, could you talk to us a little bit about what has happened over the last few years when it comes to international climate and energy policy and what the next administration is going to be walking into and what their priorities are going to be, and then I'd love to pull Dave in and kind of get his thoughts on that as well.

Joseph Majkut: Yeah, of course. I think that the two mega trends that we saw over the last couple of years, which define sort of the context in which the Trump administration is taking authority are one, a real return, especially with our European allies to a focus on energy security. Of course, we all are now familiar with the story of how Russia cut off gas supplies is a prelude to the invasion of Ukraine to create pressure on the European economy. LNG markets largely replaced a large portion of that gas. A lot of that came from the U.S. and this sort of proves the case for how energy dominance helps our allies. I'll note of course that our European friends also see renewables and demand destruction or conservation as key elements of their energy security as well. So it'd be interesting to see how the administration grapples with that full portfolio as opposed to, I mean, we're expecting really, really strong support for the U.S. LNG industry.

The other element that's important to note is we're now 10 years into the Paris Climate Agreement. Of course, President Trump pulled us out of the Paris Climate Agreement the first time Biden came back in. Both our allies and our antagonists are just sort of wondering what's going on with the United States when it comes to climate and energy. I think that that can be somewhat of a distraction, right? Are we in Paris or not? The key thing that Paris has really inspired both the United States, but also the private sector around the world is find places where they

can coalitions of the willing. So maybe a small group of countries and a small group of firms are going to work on clean steel production. Another group is going to work on reducing the emissions intensity of natural gas and natural gas trade, and whether or not the US is still going to participate in those activities, as I fully expect a new Trump administration will pull us out of Paris again, is really going to decide whether or not we continue to see progress on the sort of undercurrents which help us reduce greenhouse gas emissions or not.

Quill Robinson: So Dave, you were in the first Trump administration. You were in the thick of formulating Republican policy on the select committee. How do you see a Trump administration and Republicans approaching the issues that Joseph outlined there?

Dave Banks: Yeah, thanks. It's a really good question. Look, I think that incoming Vice President Vance had a really good answer when climate came up in the debate where he essentially laid out an argument why a U.S. manufacturing renaissance is actually a really good climate policy. Because the more we build here, the more we displace dirtier production overseas, the more global greenhouse gas emissions will either be avoided or reduced. Look, some of this is going to be staff driven, but if we're going to have a climate policy, I mean, I think that is likely to be a core message along with sort of traditional Republican conservative support for nuclear and geothermal and carbon capture, the lower carbon technologies and systems that Republicans have traditionally supported. I'm skeptical if there's going to be a whole lot of engagement when it comes to international climate policy. I know that folks have talked about, I mean the campaign is on the record saying that the president will pull out a Paris.

Again, we're not sure how it's going to relate to the framework convention, and we're not sure if there are going to be other sort of multilateral for where the administration can actually engage. One quick thing, just going back to the domestic policy question, I think those are really good answers with Tim and Emily will to reinforce what was kind of said. I mean look, energy dominance is going to continue to be a strategic objective, but one of the big differences between now and then is also the growing internalization and recognition that we're going to have a tremendous growth in energy demand and we're going to have to figure it out. And I know that's going to result in maybe build, maybe build's going to become more of a popular slogan, and that reinforces what Emily was saying. But particularly on the manufacturing side, I mean look, we have got with AI and with the data centers, if we really want to resurrect U.S. manufacturing, this is clearly a goal of the incoming administration. We're going to have to figure out how to produce a lot of electricity and

cheap electricity because our manufacturing sector and the competitors are manufacturing sector is really going to depend largely on how cheap those electrons are.

Joseph Majkut: If I could jump in here, I think, I mean I wholeheartedly agree with Dave. One of the things that I was talking to reporters and analysts about even before the election was both candidates had agendas which were going to require us to massively expand the power generation system that looks at probably lots of kinds of generation. That means grid upgrades on the transmission and probably the distribution side for the climate people. If we can build really quickly to help enable the AI leadership, that also creates the conditions that we do everything else that we want to do in terms of electrifying the vehicle fleet or electrifying homes and businesses, the undercurrent in the same, I mean, I would ask Dave too what he thinks about on the international scene, some of these more sectorial or specific targets, which they're not part of Paris or part of the UNFCCC, but they sort of spin off of it. For example, tripling global nuclear capacity. There's now an international agreement to do that. Banks are working on how to make it happen. There's diplomatic efforts to see what we can build, where I think you can see engagement from the USG on this stuff regardless of which party is going to be in control. But I am sure our colleagues have thoughts on that as well.

Quill Robinson: Yeah, I'd love to hear your thoughts on that nuclear piece in particular because that does seem quite aligned with a Trump GOP agenda, either Tim or Dave, you guys want to hop in on this.

Tim Puko: Before we get onto the international elements. I want to address what Dave was saying about the growth of AI and electricity demand. One thing that I've heard from in Trump circles on that is that it doesn't change their philosophy at all, but what it does is it adds to the urgency in support of the philosophy that they've already had. So we've seen utilities all over the country go back to exploring adding more gas fired power nuclear, as you mentioned as well, and I think the friction in the Biden years was that yes, they wanted electrification, but they really wanted electrification by zero emissions power. Nuclear was fine, but there was real pressure to do everything else with solar wind batteries, novel technology that were subsidized and we're getting newly developed with help from the IRA. That last part is what's out the door now. And so what you're going to see, the big difference here is that all of this demand growth that's coming from AI data centers, so on and so forth, broader electrification, there is a real strong possibility if not probability, that a larger share of that is going to happen from fossil fuels.

A much larger share of it is going to happen from fossil fuels than what would've happened if it was still Biden Harris, Democrats at the wheel of steering this policy. The Trump people want to open a lot of doors for oil and gas producers to fulfill that new demand.

Emily Domenech: Just jump in here really quickly too. I think this is sort of the difference in the overarching strategies, right? So you have Republicans who want to make it easier to build everything and let the market decide what wins. And you had Democrats who really wanted to have the federal government and sometimes international institutions put a thumb on the scale in favor of renewables or carbon-free energy across the board. So at this point, I think it's really a put your money where your mouth is moment, right? For all those folks who want to tell us that renewables are always the best option or nuclear is the best option for these data centers, let's see how the market plays out when there isn't this regulatory pressure making it harder for one or another thing to compete in the marketplace.

Quill Robinson: So, what I'm hearing is more energy and build baby build or perhaps some of our organizing principles here. But Emily, I'm curious on the emissions side of this. Is it a sort of tailing indicator or a co-benefit? How do we conceptualize the reduction of emissions fitting into this broader agenda and the direction that the Trump administration is going to take us?

Emily Domenech: Yeah, I actually thought that it's interesting when we talk about our engagement in international institutions and how that shapes the international targets for reducing emissions and whether or not a Trump administration withdrawing from some of those agreements changes it. I think we're much more likely to see a scenario where the climate benefits of policies are a secondary or co-benefit as opposed to the leading reason to move that policy. But if you're somebody who cares about reducing global emissions, who cares? Why does that matter? Why does it matter what the driving force is behind the policy if the policy outcomes are the same? And in the case of the Trump administration, when you're starting from a framework of what you're trying to do is to reshore industries in the United States, you get all these other co-benefits along with reducing emissions. Not only are you doing something cleaner, but you're doing it with better labor practices and you're doing it in a way that is benefiting the American worker and all of these other policies that are secondary to that climate goal. So I think that's a mistake we see, Quill, you and I have talked about this before, particularly among folks in the nonprofit space who are making investments in climate philanthropy, for lack of a better word. They often ignore folks who just care about building things in America, and

the reality is building things in America is the best way to win this battle.

Quill Robinson: We've talked a lot about the direction that the Trump administration would like to go, as we all know, rarely is that manifested as soon as you hit the beaches in January. And so Joseph, I'm interested, what are the policy issues that are going to be immediately the Trump administration is going to have to immediately negotiate come January, February? I think of permitting reform is something we've been talking a lot about LNG. What are some of the practical policy challenges, opportunities that the Trump administration is going to be facing right away?

Joseph Majkut: Well, I think that there's a couple things that are going to be a challenge. They were a challenge last time for the Trump administration. Emily already highlighted this vast deregulatory agenda. If you really want to accomplish that and not have things get tied up in court, you need legislative reform. And so the idea that we should have a sort of real conversation around permitting reform next year to meet the goals that the Trump administration as targeted, that the congressional majorities have talked about, that to me seems plain and evident. Then it's a question of can we build a package that would be able to get enough votes to go over the Senate filibuster, which is going to require some Democrats, and then there's going to be some horse trading in play around transmission siting around what style of permitting reform we do. I think that it can be a unifying agenda for the United States.

I actually firmly believe that negotiating it will not necessarily be easy. The second one, and this relates to energy and as much as everything else in the country is we're in a budgetary crunch. The Trump administration has really, really ambitious plans for tax policy. We know that with the triumvirate will probably be a reconciliation bill. And so figuring out what is to be done around this entire agenda of building more of reshoring manufacturing, of keeping prices low, especially on energy in the context of budget reconciliation and tax policy is like a second major issue for the next administration.

Tim Puko: One thing I just want to say about all that is, and maybe it's surprising, I have not heard much from people in these circles yet about prioritizing a legislative agenda. There is a real focus right now on day one, executive orders those types of measures in place to counteract all the things that the Biden administration did that they didn't like the deregulation agenda as Emily laid out. Absolutely number one, and to some degree there's, I should say to a large degree, there seems to be much more of an impetus on reforming the administrative state to do that deregulatory agenda than there is on crafting a legislative agenda

for bigger policy. Maybe this is just because I tend to talk to people who come from the agency world. I don't know. Maybe it's just because right now they want to be laser focused on the initial days, and the thing you could do quickest is get those executive orders line and start getting things churning at the agency.

But it really seems like that's task number one that goes hand in hand with task number two of basically shrinking the amount of staff that they don't want to fight the administrative state as much as they did last time and trying to get their policies through. The number one answer to that seems to be shrinking the administrative state to do that and empowering people. There's a little bit more empowering people who are effective at that. I think to Emily's point earlier about Dave Bernhardt and Andrew Wheeler, the former interior secretary and EPA administrator still being in the mix, again, it's helping the Trump team bring a lot of continuity, real legal minds into this, to actually people who understand the bureaucracy, how it works, how to shape it, how to reshape it. That gives a much steadier hand it seems this time around than last time around at taking those types of actions first and foremost. But it does raise real questions about what Joseph laid out, all those big legislative questions, permitting reform, what happens to all these IRA measures? I'm hearing a lot less about putting an emphasis on that and those types of more systemic policy initiatives, longer term policy initiatives we could see could be a while before we figure out the precise ways in which those will unfold and maybe even the big asks that Trump will have for Congress.

Emily
Domenech:

Yeah, as the article one girl on this call, I'd be happy to emphasize the fact that I think the Trump administration is doing exactly what it should, which is focusing on the things that are under their purview. And frankly, Congress needs to do its job and focus on the legislative side of this discussion when it comes to enacting long-term policy. I couldn't agree more that permitting reform is going to be a huge issue in this next Congress. I suspect we'll probably see multiple bites at the apple on this issue. I think there'll be an effort to address some of our permitting challenges in the reconciliation context. But we all know that with the bird rule process, we're unlikely to get all of the policies that we want to see in place through reconciliation. So that means we're looking ahead to some of those other vehicles that serve as good options for that 60 vote coalition that moves permitting.

My personal sense is that's probably the surface transportation reauthorization in fiscal year 26 along with the IJA Reauth. Those are the right groups of stakeholders who care about building big things that can come together for those other big permitting challenges, think Clean Water Act reform, for example, which is something that

absolutely needs congressional engagement and needs it from those particular industries. But I actually think this is not at all a knock on the Trump administration that we're seeing them focus on the regulatory agenda and particularly the administrative state, because again, when you're coming in on your second term, this is your opportunity to make lasting reform that is under your purview. Congress needs to do its job and do the same, but Congress may have a shorter runway to get these things done. Just as the nature how we know elections go and looking at the margins we are going to be looking at in the house, they've got a pretty short runway to move things as well, and I think we'll see a lot of legislative action as Congress.

Joseph Majkut: Emily, do you have a view on the Manchin Barrasso bill and its prospects in the lame duck?

Emily Domenech: I think prospects for most things in the lame duck are pretty low, and that's again, just a nature of our system, right? So if you're an incoming Senate majority, you certainly don't want to see Chuck Schumer get wins on the board before he hands over the gavel. If you're speaker Mike Johnson, you have to win a speaker race in January, and we know how hard those can be, and we know that his margins might be even smaller than they were this last Congress. So at the end of the day, the opportunity for some big omnibus spending deal like we've seen in years past, I think is incredibly slim, and that makes it pretty hard to move a bill like Manchin Barrasso. It's not impossible. I think there will be a disaster supplemental, and then we'll obviously have to do something with government funding. Although frankly, if I'm Speaker Johnson and I have to choose between an omnibus and shutting down the government, I'm just shutting down the government at this point. I want to win that speaker race in January and get to work.

So I think frankly, that the opportunity for these big Christmas tree bills, it's been getting smaller over time anyway. It's something that Speaker McCarthy tried to really pull back on. We've seen the NDAA really get slimmed down in the past several years. So I think when we think about things like permitting reform, there's always this effort to chuck it on the next Christmas tree bill, but vote coalitions don't always work out, right, particularly when it's something like NDAA that has a totally different floor of support than a surface bill or an omnibus or something else. So I think we need to think a little bit more about what are the policies that can get 60 vote coalitions, and then we should start thinking about the vehicle and how we move that forward.

Joseph Majkut: Come on, say it regular order. Say it.

Emily Domenech: Regular order, baby. Let's do it.

Quill Robinson: Dave. So there's been a pretty significant shift in Republican party thinking on trade and industrial policy over the last...

Dave Banks: Oh, Emily's going to love this one.

Quill Robinson: Oh, she will. Well, unfortunately, Emily, I don't think as many Republicans are reading Hayek and Friedman as they used to, and we've seen, certainly we've seen folks like JD Vance and Power who has a dramatically different perspective on trade and industrial policy and manufacturing than Republicans just a few years ago. So Dave, I know you're pretty deep in this trade world. What can we expect from this administration? Is there going to sort of be a reversion to the mean before towards the orthodoxy, towards before, or are we really looking at a radically new agenda? And then what are the implications for energy and climate as well?

Dave Banks: Oh, these are some really good questions, and by the way, some really, really good points before on the other issues, and I just want to reinforce some of those before I get to the trade question. Look, I mean, again, as kind of implied, folks know it's a lame duck and they've got limited time. So transition, clearly there's a premium on loyalty to the president, but also there's a premium when it comes to picking folks who can hit the ground running, and that's why you have people like we learn, and Bernhard definitely involved. One point that Joe mentioned about global nuclear energy policy and the U.S. role, I think one of the lessons that we learned from the first term of when we conducted our review of the U.S. Civil nuclear program is that there are real limits to what the executive branch should actually do.

And this goes back to kind of what Emily was saying, but clearly, I mean, there's a lot of nice talk about the US increasing nuclear exports or exports of nuclear technology and services, but that's just not going to happen without a modernization of existing statute and particularly focused on the Atomic Energy Act. And the 1, 2, 3 agreements obviously affect how we conduct trade that really places a constraint on how we can work with international partners. And clearly the US Civil nuclear program is not what it used to be. So when the Atomic Energy Act was put together, we had a monopoly over nuclear technology services. We obviously no longer have that, and in fact, we're looking at the risk of a Chinese monopoly or Chinese Russian oligopoly when it comes to nuclear technology and services, and we're going to have to be able to work with really closely with our allies and partners, the Koreans, the Canadians and others, right on this.

And it's going to be hard, again, to do that without modernizing U.S. statute on the trade industrial policy. One of the big differences here, and again with transition is that clearly there is a premium on picking folks, and we're talking about the lighthouse ecosystem, but picking folks who are totally in line or aligned with where the president is, and that just didn't happen last time. We had a lot of free trade advocates in the White House and across the administration, and it really was an impediment to advancing President Trump's trade agenda or let's say tariff diplomacy agenda. And that's not going to be the case this time. And there's also certainly a premium when it comes to, again, kind of placing people across the trade and commercial ecosystem that are on board. I think there's a lot of interest in holding foreign employers accountable for unfair trade practices related to the environment. I think there is another conversation that needs to be had when it comes to what's the metric that you use? Is it carbon? Is it pm? Is it a more traditional pollutant? And I think that remains to be seen, but clearly in the Lighthizer camp, there's a lot of interest in pushing this policy forward, and it's something that the president would support.

Quill Robinson: Tim, Emily, Dave, and of course, my co-host, Joseph, thank you so much for joining the inaugural episode of the transition a CSIS miniseries, and we'll make sure to keep in contact.

Tim Puko: Yeah, thank you guys.

Quill Robinson: Thanks so much for joining us on the transition. We'll see you next episode.

(END.)