

RECHARGE

February 8, 2023

Biden's State of the Union hails 'world leading' US green law but namechecks oil role



US President Joe Biden delivers his State of the Union speech. Photo: Getty/POOL/AFP via Getty Images/POOL/AFP via Getty Images/NTB scanpix

President praises landmark IRA legislation as 'most significant ever to tackle climate crisis' but admits hydrocarbons needed 'for next decade and beyond'

By **Richard Kessler**

President Joe Biden used his State of the Union address on Tuesday to pledge continued US action on climate change and praise the landmark Inflation Reduction Act (IRA), but also namechecked America's ongoing need for oil. "I'm proud of how America is at last stepping up to the challenge," he said in the annual speech delivered before a joint session of Congress, re-stating his belief that global warming is an existential threat to the country. "We will finish the job."

Shortly after Biden took office in January 2021, the US rejoined the Paris Agreement, underscoring that climate change is among his highest priorities. His administration pledged the US will cut emissions 50-52% by 2030 from 2005 levels, which is consistent with the pact.

In his 73-minute speech, Biden cited the landmark Inflation Reduction Act (IRA), which he signed into law last August, as the "most significant investment ever to tackle the climate crisis".

Democrats narrowly passed the legislation on party-line votes. It contains \$369bn of funding for climate-related spending and clean-energy tax credits, which are expected to supercharge supply and demand for clean electricity, clean fuels, and electric vehicles, and promote energy efficiency. There are also tens of billions of dollars for emissions curtailment, environmental justice, and multiple other climate initiatives.

Biden claimed the climate law was creating American jobs and lowering utility bills, and its many provisions have the US "leading the world to a clean energy future".

Although on the books for six months, federal agencies, notably the Internal Revenue Service and Department of Energy, have a long way to go to complete writing guidance for the new policies in the law to clarify eligibility criteria, and how they will enact and enforce them. This process could extend through the summer or later.

The law also threatens to trigger a potential US clean energy and infrastructure subsidy race with the European Union, as both economic giants compete for investment, jobs, and technology leadership. Allied nations including Japan, South Korea, Norway, and the UK, have raised concerns.

Biden spent part of the speech blasting large oil companies, alleging they invested too little of their record profits last year to increase domestic production and instead, used them to buy back their own stock, "rewarding their CEOs and shareholders".

He acknowledged the US is "going to need oil for at least another decade. And beyond that". His comment prompted applause from opposition Republicans who have accused Biden and his administration of trying to run the industry out of business before cost-effective and viable alternatives are in place, a policy they contend is dangerous for US national security.

Clean energy groups praised the speech and acknowledged Biden's leadership on climate, pledging support to advance the country's transition away from fossil fuels.

'We have a clear pathway'

"President Biden once again showed his strong commitment to America's clean energy transition tonight," said Greg Wetstone, CEO of the American Council on Renewable Energy. "While much remains to be done, with the enactment of the Inflation Reduction Act, we now have a clear pathway toward the clean energy future that American people want, and climate scientists say we desperately need," he added.

Solar Energy Industries Association CEO Abigail Ross Hopper noted this was Biden's first State of the Union address since he signed IRA into law and "changed the trajectory of America's quest to address climate change." She added, "Voices from across the political spectrum can all agree that the clean energy industry must be less reliant on adversaries for the products we use, and the IRA is the first major step we've taken to significantly strengthen American clean energy manufacturing."

American Clean Power Association CEO Jason Grumet said his organisation looks forward to working with both political parties and the Biden administration to "to advance policies that will accelerate clean energy projects and lead to a more secure energy future for all Americans."