

# S&P podcast: Energy executives assess political risk ahead of US elections

Monday, October 19, 2020 10:17 AM ET

By Allison Good  
*Market Intelligence*

With the upcoming U.S. presidential election offering two very different visions for the energy industry's future, some executives remain confident the renewable energy transition has gained a permanent foothold no matter the outcome.

S&P Global Market Intelligence's Energy Evolution team spoke to the chief executives of a coal company and a rooftop solar company, as well as a managing director at a clean tech investment firm about balancing political risk. Although who sits in the White House can certainly introduce upside or downside for their respective sectors, these executives see utilities and consumers ultimately driving where the market goes.

Sunnova Energy International Inc. Chairman, President and CEO John Berger acknowledged that while the Trump Administration has implemented subsidies and other policies to help coal, nuclear and oil and gas companies maintain market share, it also presided over a record solar energy buildout.

"If you wanted to know who as far as President, [put] the most solar panels under his or her administration and retired the most coal plants under his or her administration, that would actually be Donald J. Trump," he said. "That's exactly proving my point that consumers want this. This is a market-driven event. This is a tectonic shift, a mega-trend, whatever you want to call it, that the people want and are driving. And regardless of the policy, it's going to happen."

For Hannon Armstrong Sustainable Infrastructure Capital Inc., an investment company in climate change solutions with more than \$6 billion in managed assets, the election poses little to no risk, according to Managing Director Susan Nickey, because of how far clean energy development has come even without federal support.

"As we look back at the last three and a half years, the renewable energy industry has seen unprecedented growth, and it's being driven by the stakeholders. So again, the fallback goes to the state's cities, utilities that every day are stepping up their renewable portfolio standards [and] zero carbon emission goals," Nickey said.

At the same time, former Energy Secretary Ernest Moniz also spoke to the podcast about how a national policy remains crucial to building on those gains.

"All but four states have either a state level or a major city level commitment to net zero, so you know, the political groundwork for having this go to a national commitment, it's there, and that's ... where the outcome of the election now or the election in four years or eight years later is going to have tremendous implications," said Moniz, who works toward a bipartisan approach to climate change that focuses on jobs and innovation in the energy transition as part of his work at the Energy Future Initiative.

One of the national policy linchpins at stake is the international Paris Agreement on climate change that President Barack Obama's administration signed on to in 2016 when Moniz led the Department of Energy. The White House under Trump withdrew the U.S. from the framework, which aims to prevent global average temperatures from rising 2 degrees C above pre-industrial levels, but former Vice President Joe Biden has vowed to reenter it if he wins Nov. 3.

"We all know that the Paris targets have got to be revisited. They've got to be toughened up very, very substantially, and I just think that the odds of that happening without American leadership are slim," Moniz added.

Randall Atkins, chairman of Ramaco Resources Inc., appreciates having a coal supporter in the White House, even if the Trump administration has had difficulty reversing many of the negative trends buffeting the industry.

"You have had a hard time convincing utilities to make the investments that would be necessary to enhance either

existing coal fleets or to consider ... building new coal fleets," he said. "I think that the problem is no administration is able to flip a switch and either make the coal industry go away, or conversely, flip a switch and make the coal industry magically boom again, because ... there are macro-economic forces that are sort of beyond political control."

Ramaco, which primarily produces metallurgical coal, has its Ramaco Carbon LLC affiliate trying to develop new uses for coal like carbon fiber used in automobile manufacturing. These types of technological ventures could better attract bipartisan political support, according to Atkins.

"We're even working with some of the national labs on life cycle analysis as to how coal products such as carbon fiber from coal could be used for vehicles that would actually ... be a tremendous environmental plus," he said. "There's a number of aspects about what we're doing, which is more sort of a technological use of coal, that I think would be probably well received by both parties even if you have a sort of a general bias against the notion of coal."

*This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.*