

Despite its most promising attempt in 2009-2010, the U.S. Congress has failed to enact a single piece of legislation addressing what is arguably the most pressing public policy problem of our time: climate change. The amendments to the Clean Air Act passed in 1990 provided the statutory basis for the Obama EPA's regulation of power plant emissions, but the Trump Administration has already reversed these efforts. As alarming as this set of facts is, a glimmer of hope can be found at the level of the U.S. states.

Twenty states have adopted economy-wide greenhouse gas emissions reduction targets (GHGERTs) and thirty-eight states have adopted renewable portfolio standards (RPSs), which provide that certain percentages of a state's electricity load be supplied by renewable generation resources. Both of these types of policies vary significantly from state to state when it comes to their ambitiousness, enforceability and effectiveness, but the leading states have enacted serious policies that, if adopted at the federal level, would have a significant impact in our ability to mitigate the impending climate disaster.

Why have federal climate policy efforts failed while state-level efforts have, to varying degrees, succeeded? Many scholars have answered the first part of this question (explaining failure at the federal level) but fewer have answered the second part (explaining varying degrees of success at the state level). A common explanation offered up for the dearth of federal climate policy is the political power of organized business interests, and in particular the fossil fuel industries and private utilities, which have expended hundreds of millions of dollars on lobbying to defeat federal climate policy. But given that many of these same business interests are also active at the state level (where they also far outspend public interest groups when it comes to lobbying expenditures), why have they not enjoyed the same degree of success – especially when political scientists have theorized (and, in some cases, demonstrated empirically) that business influence is even greater in state capitols, where legislators have fewer public resources at their disposal, and public interest groups are less organized, than in Washington, D.C.?

In this paper, I illuminate mechanisms of, and account for limits to, the influence of organized business interests in state-level climate policymaking. I do so by examining variation in the ambitiousness, enforceability, and effectiveness of GHGERT and RPS policies in three states that are all considered to be among the national leaders in terms of their overall climate policy regimes: California, Massachusetts and Oregon.

Environmental policy scholars have employed statistical methods to identify certain political and economic variables that these states (and several other “climate leader” states) share, which are thought to explain the dichotomous outcome of why these states adopt policies while others do not. However, very few studies have examined qualitative variation in the substance of the policies that *are* adopted. For instance, why is it that California's GHGERT statute authorized a comprehensive cap-and-trade system as well as “early action measures” with an ambitious timetable for implementation while Oregon's GHGERT statute was purely aspirational, with no mechanism for enforcement, no penalties for non-compliance, and no regulatory authority conferred to any state agency?

In this paper, I trace the history of both policies in all three states, paying careful attention to changes in their proposed content as they were written and re-written multiple times prior to their enactment and eventual implementation. The goal of this

exercise is to gain a nuanced understanding of the various outside interests (e.g. various private companies and business associations, environmental organizations, government actors, etc.) that sought to shape the content of each policy as it was being formulated. Using an analysis of multiple iterations of legislative and regulatory texts, archival material such as written testimony provided to legislative committees, and over 100 interviews with key players directly involved in the policy formulation process (e.g. state legislators, regulators, policy advocates, and lobbyists), I assess the relative influence of key business interests in shaping the ultimate policy content of the two types of policies in the three states.

I identify three significant categories of private interests, which hold across the three states, and show how each one had unique interests that informed their efforts to shape the policies' ultimate content: 1) for-profit interests that stood to benefit financially from strong climate policy, 2) extractive fossil fuel interests as well as heavy manufacturing interests that stood united in their opposition to the climate policies being proposed because of obvious impacts they might have on their costs of doing business, and 3) investor-owned utility companies (IOUs) with a unique set of characteristics and financial considerations that led them to support climate policy in concept, provided that its content was written in such a way as to protect their financial well-being and immunize them from significant changes to their business model. I argue that these IOUs are uniquely influential in all three states, due to historical reasons and the fact that they provide a critical public service. I also argue that variations in the policy preferences of these IOUs combined with variation in the balance of power among the other two categories of private interests explain the divergent policy outcomes across the three states.

What emerges from the analysis is a very different picture of the policy preferences and the policymaking power of private interests than is generally assumed from the scholarship on climate policymaking at the federal level. First, the positions of business actors vis-à-vis climate policy proposals are both more fragmented and more nuanced than the literature generally appreciates. Second, relative climate policy success at the state level is attributable not to a business community that is less politically powerful than at the federal level, but rather to one that is highly fragmented and perhaps more amenable to strategic compromise given a very different set of stakes. Finally, there are significant trade-offs involved in the design of state-level climate policies that have implications for their distributional effects. While it is generally assumed that adopting climate policy represents a victory for the public interest while obstructing climate policy represents a victory for private interests, it turns out that the more important question is who foots the bill for the short-term costs of climate change mitigation, and this has everything to do with how the policy is written rather than whether or not it passes. The findings of this paper have implications for scholarship on climate politics and policy in the U.S., U.S. state politics, and issues of private power and democratic representation in American democracy.