

Quick Take: *Diamond Alternative Energy v. EPA*

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In a 7-2 decision issued on June 20, 2025, the Supreme Court held that fuel producers have standing to challenge EPA's 2022 approval of California's vehicle emissions standards waiver.¹ Writing for the majority in *Diamond Alternative Energy v. EPA*, Justice Kavanaugh stated that the fuel petitioners² meet the test for standing based largely on alleged economic impacts to fuel companies caused by reduced reliance on gasoline. This decision reverses the D.C. Circuit's 2024 ruling that fuel producers lack standing to challenge the waiver decision and remands the case to the D.C. Circuit. In a sharp dissent, Justice Jackson criticizes the majority, arguing that "[t]his case gives fodder to the unfortunate perception that moneyed interests enjoy an easier road to relief in this Court than ordinary citizens."³

How does California's vehicle standards waiver work?

Under the Clean Air Act, states are generally prevented from setting more stringent vehicle standards than federal law absent special permission. Clean Air Act Section 209(b) provides California with such a waiver from federal preemption and allows it to set its own stronger vehicle emissions standards.⁴ To effectuate these standards, the California Air Resources Board submits its regulations to EPA for approval and EPA issues a "waiver" to allow the state to implement its regulations.⁵ For decades, California has issued more protective standards using this process; 17 other states and the District of Columbia have also adopted California's standard, as the Act allows.

How did this case end up in the Supreme Court?

After the Biden-era EPA reinstated the waiver for California's Advanced Clean Cars regulation in 2022, petitioners challenged EPA's decision in the D.C. Circuit, arguing that the agency exceeded its authority under the Clean Air Act. In 2024, the D.C. Circuit held that the fuel producers lacked standing to bring their challenge, and therefore, did not reach the merits of their claim.⁶ The fuel producers appealed to the Supreme Court, which granted certiorari in December 2024 on the standing question only. Notably, in its merits brief to the Supreme Court, the Trump EPA stated that

¹ *Diamond Alternative Energy LLC et al v. EPA*, No. 24-7 U.S. Sup. Ct. (June 20, 2025).

² Petitioners include American Fuel and Petrochemical Manufacturers, Domestic Energy Producers Alliance, Energy Marketers of America, National Association of Convenience Stores, Clean Fuels Development Coalition, ICM Inc., Illinois Corn Growers Association, Kansas Corn Growers Association, Michigan Corn Growers Association, Missouri Corn Growers Association, Valero Renewable Fuels Company, and Diamond Alternative Energy.

³ *Diamond Alternative Energy LLC et al v. EPA*, No. 24-7 U.S. Sup. Ct. (June 20, 2025) (Jackson, J., dissenting).

⁴ 42 U.S.C. § 7543(b).

⁵ Note that the statute states "the Administrator **shall**, after notice and opportunity for public hearing, waive application of this section to any State which has adopted standards" [emphasis added] unless EPA determines that California's regulation is arbitrary and capricious in finding that it is at least as protective as federal standards, not needed to meet "compelling and extraordinary conditions, or is inconsistent with the Clean Air Act. 42 U.S.C. § 7543(b); see also EPA, California Waivers and Authorization, <https://www.epa.gov/state-and-local-transportation/vehicle-emissions-california-waivers-and-authorizations>.

⁶ Note that there was a group of state petitioners in this case as well. The D.C. Circuit held that the state petitioners in the case did have standing to bring one of their claims, which the court rejected on the merits. *State of Ohio, et al v. EPA, et al*, Docket No. 22-01081 (D.C. Cir. 2024).

the California waiver at issue in the case may be short-lived: pursuant to Executive Order 14,154, the President directed EPA to reconsider and likely to rescind or revise the approvals of California's standards.⁷

What did the Court decide?

Justice Kavanaugh, writing for the majority, holds that the fuel producers meet the “irreducible constitutional minimum of standing contain[ing] three elements”: injury in fact, causation, and redressability.⁸ He writes, “[t]o begin, the injury in fact and causation elements of the fuel producers’ standing, which no party disputes, are straightforward.”⁹ First, as evidence of injury in fact, the majority points to decreases in demand for fuel “hurt[ing] their bottom line,” explaining that “[t]hose monetary costs “are of course an injury.”¹⁰ Second, for causation, the Court explains that EPA authorizing the California standards causes the identified harm, as “[t]he regulations likely cause fuel producers’ monetary injuries because the regulations likely cause a decrease in purchases of gasoline and other liquid fuels for automobiles.”¹¹ Third, for redressability, the majority explains that “invalidating the California regulations would likely redress at least some of the fuel producers’ monetary injuries.”¹² The majority goes on to explain, “[e]ven ‘one dollar’ of additional revenue for the fuel producers would satisfy the redressability component of Article III standing.”¹³

EPA and California disputed this notion of redressability, arguing that the waiver (and thus California's stricter regulation) has been in place for so long that the trend of electric vehicle adoption was underway regardless of regulations, and thus rescinding the regulations would not necessarily cause an increase in fuel-consuming vehicles and fuels consumption.¹⁴ They argued that the fuel producers had not done enough to establish that their view of redressability was correct. In rejecting that argument, the Court states that “record evidence confirms what common sense tells us: Invalidating the regulations likely (not certainly, but likely) would make a difference for fuel producers because automakers would likely manufacture more vehicles that run on gasoline and other liquid fuels.”¹⁵ It adds, “the commonsense economic inferences about the operation of the automobile market—combined with the statements of the fuel producers, California, EPA, and the vehicle manufacturers—make it sufficiently ‘predictable’ that invalidating California's regulations would likely redress the fuel producers’ injury.”¹⁶

The majority explains that this “commonsense” basis is enough and rejects the idea that the fuel producers should be required to produce affidavits to provide additional evidence proving redressability: “[s]uch a rule would create incentives for gamesmanship and could make it difficult or impossible to establish standing in cases where the standing analysis should be straightforward. A

⁷ *Diamond Alternative Energy* at 4.

⁸ *Id.* at 8, quoting *Lujan v. Defenders of Wildlife*, 504 U. S. 555, 560 (1992).

⁹ *Id.* at 11.

¹⁰ *Id.* quoting *United States v. Texas*, 599 U. S. 670, 676 (2023).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*, citing *Uzuegbunam v. Preczewski*, 592 U. S. 279, 292 (2021).

¹⁴ *Id.* at 10. See also Brief for the Federal Respondents in Opposition, https://www.supremecourt.gov/DocketPDF/24/24-7/325541/20240909185910874_24-7%20Diamond%20Alternative%20Energy_v_EPA.pdf.

¹⁵ *Diamond Alternative Energy* at 15.

¹⁶ *Id.* at 17, citing *Alliance for Hippocratic Medicine*, 602 U. S., at 383.

heightened ‘proof of redressability’ requirement of that kind would ultimately close the courthouse doors to many traditional challenges to agency action.”¹⁷

What did the dissent argue?

In dissent, Justice Sotomayor argues that this argument is needless: “[f]or reasons unknown, the majority . . . conjures up a ‘heightened ‘proof of redressability’ requirement’ that the D. C. Circuit did not adopt and that no party advanced, and then laboriously ‘declin[e] to adopt’ that requirement.”¹⁸ Justice Sotomayor’s dissent is otherwise narrow, arguing that the D.C. Circuit opinion rests on factual confusion about the timeline of the regulations that can and should be resolved by that court.

Justice Jackson filed a separate dissent, criticizing both the decision to issue a ruling in the case and the resulting redressability analysis, which she states may give “fodder to the unfortunate perception that moneyed interests enjoy an easier road to relief in this Court than ordinary citizens.”¹⁹ She argues that the Court took a case that “all agree will soon be moot (and is largely moot already)” and used it to advance “a theory of standing that the Court has refused to apply in cases brought by less powerful plaintiffs.”²⁰ Justice Jackson contends that the Court’s reputation as an evenhanded arbiter of justice is at stake: “I worry that the fuel industry’s gain comes at a reputational cost for this Court, which is already viewed by many as being overly sympathetic to corporate interests.”²¹ In arguing that the “Court’s simultaneous aversion to hearing cases involving the potential vindication of the rights of less powerful litigants—workers, criminal defendants, and the condemned, among others—will further fortify that impression,” Justice Jackson enumerates a series of cases in which the Court held “ordinary citizens” seeking redress lacked standing, flagging ways in which those decisions are in tension with the “commonsense” redressability analysis in this case.²²

Looking ahead

We will be watching the implications of this case for different types of petitioners challenging federal regulations. Some of the questions we will be tracking include:

- How will the Court reconcile this case with the narrower approaches to standing highlighted by Justice Jackson in dissent, as well as in *TransUnion v. Ramirez*, authored by Justice Kavanaugh?
- Will the Court require non-industry plaintiffs such as states and NGOs to focus on economic harms of regulations to prove standing? If petitioners can show “just one dollar” of economic harm based on health care costs or other personal expenses, will that be compelling to the Court?
- Will court extend the approach endorsed here to find standing based on non-economic injuries as well?

¹⁷ *Id.* at 19.

¹⁸ *Diamond Alternative Energy LLC et al v. EPA*, No. 24-7 U.S. Sup. Ct. (June 20, 2025) (Sotomayor, J., dissenting).

¹⁹ Jackson Dissent at 1.

²⁰ *Id.*

²¹ *Id.* at 9-10.

²² *Id.* at 10-11, 15-17.

- Will this approach to standing for industry petitioners with *de minimis* likely economic harm from a regulation result in a wider set of federal courts hearing challenges to federal regulations.

See [EELP's regulatory tracker](#) for updates.