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Subject: Court Development - Supreme Court Overrules Chevron Regulatory Doctrine

Court Development

Supreme Court Overrules *Chevron* Regulatory Doctrine

On June 28, 2024, the U.S. Supreme Court issued an opinion in [*Loper Bright Enterprise v. Secretary of Commerce*](#) that overruled the longstanding administrative law doctrine formalized in *Chevron U.S.A. Inc. v. Natural Resources Defense Council* (1984). The *Loper Bright* opinion will have a wide-ranging impact on **all federal agencies** and administrative law in general. In short, federal courts are no longer required to defer to government agencies when interpreting ambiguities in an enabling statute.

In *Chevron*, the Court articulated and employed a two-step approach broadly applicable to judicial review of agency actions. The first step was to discern whether Congress had directly spoken to the precise question at issue in the statute. The Court explained that if the intent of Congress is clear, that is the end of the matter, and courts were therefore to reject agencies' statutory interpretations that are contrary to clear congressional intent. However, in a case in which the statute was silent or ambiguous with respect to the specific issue at hand, a reviewing court could not simply impose its own construction on the statute, as would be necessary in the absence of an administrative interpretation. Instead, at *Chevron's* second step, a court had to defer to the agency that offered a permissible construction of the statute in support of a rulemaking—even if not the reading the court would have reached if the question had arisen initially in a judicial proceeding. Employing this new test, the *Chevron* Court concluded that Congress had not addressed the underlying statutory question at issue with the necessary level of specificity and that the agency's interpretation was entitled to deference.

In today's opinion, the Supreme Court held that *Chevron* conflicts with the Administrative Procedure Act ("APA"). Specifically, *Loper Bright* states that the APA directs the reviewing court, not the agency whose action it reviews, to decide all relevant questions of law and interpret statutory provisions. Accordingly, to the Court, *Chevron* insisted on more respect than what was historically given to Executive Branch interpretations; *Chevron* demanded that courts "mechanically afford *binding* deference to agency interpretations, including those that have been inconsistent over time, and **even when** a pre-existing judicial precedent holds that an ambiguous statute means something else." (emphasis added). Moreover, the Court stated that *Chevron* cannot be reconciled with the APA by presuming statutory ambiguities are implicit delegations to agencies. "A statutory ambiguity does not necessarily reflect a congressional intent that an agency, as opposed to a court, resolve the resulting interpretive question."

The Supreme Court also stated that *Chevron's* presumption is misguided because agencies have no special competence in resolving statutory ambiguities—the courts do. While the government argued that Congress must generally intend for agencies to resolve statutory ambiguities because agencies have subject matter expertise on the statutes they administer, the Supreme Court held that this consideration and others do not justify *Chevron's* sweeping presumption of congressional intent. According to the Court, “[d]elegating ultimate interpretive authority to agencies is simply not necessary to ensure that the resolution of statutory ambiguities is well informed by subject matter expertise.”

In summary, *Chevron* is overruled. According to the Supreme Court, courts must now exercise their independent judgment in deciding whether an agency has acted within its statutory authority, as the APA requires. The Court advised that careful attention to the judgment of agencies may help inform that inquiry. When a particular statute delegates authority to an agency consistent with constitutional limits, courts must respect the delegation, while ensuring that the agency acts within it. Courts, however, need not and under the APA may not defer to an agency interpretation of the law simply because a statute is ambiguous. As a result, because the D.C. Circuit (and the First Circuit in a companion case) relied on *Chevron* in deciding whether to uphold the rule before the Court in *Loper Bright*, the lower court judgments are vacated, and the cases are remanded for further proceedings consistent with today’s opinion.

If you have any questions regarding this item, please feel free to contact Matthew Agen (magen@aga.org) or Katherine Herrera (kherrera@aga.org).

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