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Energy & Sustainability Washington Updates - May 2021

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Leaders Summit on Climate

On April 22-23 President Biden hosted the Leaders Summit on Climate, a virtual event intended to underscore the urgency – and the economic benefits – of stronger climate action. 40 world leaders were invited to participate in the summit, which the White House billed as a key milestone on the road to the United Nations Climate Change Conference (COP26) this November in Glasgow. The event also included leaders and representatives from international organizations, businesses, subnational governments, and indigenous communities.

A key takeaway was President Biden's announcement that the U.S. will commit to target reducing emissions by 50-52 percent by 2030 compared to 2005 levels. Other key U.S. commitments include:

- Enabling the transformations required to reach net-zero emissions by 2050 by launching a Global Climate Ambition Initiative, setting investment benchmarks for investments at the U.S. International Development Finance Corporation, committing to climate investments at the Millennium Challenge Corporation, and launching a Greening Government Initiative;
- Mobilizing financing to drive the net-zero transition and adapt to climate change by scaling up international financing, issuing the first U.S. International Climate Finance Plan, and launching an international dialogue on decreasing fiscal climate risk through national budgets;
- Transforming energy systems by establishing a net-zero producers forum, establishing a U.S.-India Climate and Clean Energy Agenda 2030 Partnership, supporting ambitious renewable energy goals in Latin America and the Caribbean, and supporting clean energy mineral supply chains;
- Revitalizing the transport sector by "sparking" the zero-emission transportation revolution, joining the Zero Emission Vehicle Transition Council, and reducing emissions from international shipping and aviation;
- Building workforces for the future by launching a Global Partnership for Climate-Smart Infrastructure, creating the EXIM Chairman's Council on Climate, and supporting workers and communities in the shift to a global clean energy future;
- Promoting innovation to bring clean technologies to scale by supporting clean energy innovation and manufacturing, reinvigorating leadership and participation in Mission Innovation, leading the creation of the Agricultural Innovation Mission for Climate, joining the Leadership Group for Industry Transition, launching a Global Power System Transformation Consortium, and launching the Foundational Infrastructure for the Responsible Use of Small Modular Reactor Technology (FIRST) Program to support the use of small modular reactors;
- Providing support for vulnerable countries to adapt and build resilience to the climate crisis by supporting environmental and climate resilience, partnering with islands to lead on climate and energy resilience, reducing black carbon by investing in clean cook stoves, and mitigating black carbon health impacts in Indigenous Arctic communities;
- Implementing nature-based solutions by investing in tropical forests to drive toward a net-zero world, funding nature-based approaches to coastal community and ecosystem resilience, and promoting resilience in the Southern Ocean;
- Promoting safety and security at home and abroad by conducting climate exposure assessments on all U.S. installations, and supporting assessments at partner countries around the world; and
- Advancing subnational and non-state engagement abroad, and catalyzing subnational action and participation in COP 26.

As part of the Summit, the president also convened the Major Economies Forum (MEF) on Energy and Climate – representing the 17 economies responsible for approximately 80 percent of global greenhouse gas emissions and global GDP.

Click **HERE** to read a White House Fact Sheet with details on these U.S. commitments.

White House Report on Coal & Power Plant Community Revitalization

Established by Executive Order earlier this year, the White House Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization released a report that was delivered to President Biden and included initial recommendations "to catalyze economic revitalization, create good-paying, union jobs, and support workers in energy communities – hard-hit coal, oil and gas, and power

plant communities – across the country."

- A White House press release can be found by clicking **HERE**.
- The working group report can be found by clicking **HERE**.

In a related development, the United Mine Workers of America (UMWA) have indicated they will support the Biden Administration's move toward renewable energy – and way from fossil fuels – provided that any future infrastructure package support renewable energy jobs in coal country and investments in clean coal. Crucially for both sides – the mine workers and the White House – is the role of Senate Energy Committee Chairman Manchin (D-WV) in negotiating the infrastructure package where he holds tremendous influence as a key vote in an evenly divided Senate.

The UMWA Energy Transitions Initiative can be found by clicking **HERE**.

Clean Energy Tax Code Proposals

Joined by 27 of his Senate colleagues, Senate Finance Committee Chairman Wyden (D-OR) has introduced the *Clean Energy for America Act* (S. 1298), which would consolidate more than 40 current energy tax incentives into emissions-based provisions that incentivize clean electricity, clean transportation, and energy efficiency. The incentives would be available to all energy technologies as long as they meet emissions reduction goals. The bill requires projects above residential size that receive tax credits to comply with federal labor requirements, including Davis-Bacon Act prevailing wage and apprenticeship requirements.

- A summary of the legislation can be found by clicking **HERE**.
- Full text of the legislation can be found by clicking **HERE**.

Senate Finance Committee Ranking Member Crapo (R-ID) followed with his own proposal, a "discussion draft" created with Sen. Whitehouse (D-RI), aimed at providing tax incentives for new energy technologies that are technology neutral and only last until the technology reaches established levels of market penetration. Their *Energy Sector Innovation Credit* is "a technology-inclusive, flexible investment tax credit (ITC) or production tax credit (PTC) designed to promote innovation across a range of clean energy technologies, including generation, storage, carbon capture, and clean hydrogen production."

- A summary of the proposal can be found by clicking **HERE**.
- Full text of the proposed legislation can be found by clicking **HERE**.

As debate over the size and scope of the proposed infrastructure package continues, these energy tax proposals – or some variation of the proposals - will be under consideration for inclusion in the final bill.

Authors



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Neal Martin brings more than two decades of experience in government and federal relations to his work, helping clients navigate a wide range of issues. He provides strategic guidance to organizations seeking to advance their legislative priorities and enhance their visibility before Congress and federal agencies.