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Energy & Sustainability Washington Updates - June 2021

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Biden Releases FY22 Budget Request

The Biden Administration's budget request was released on May 28, outlining the President's spending priorities for the next fiscal year that starts on October 1. It is important to note this is a proposed budget – the House and Senate Appropriations Committees are already hard at work preparing their spending bills for the next fiscal year, but with Democrats in the majority in both chambers the President's priorities will certainly be given much more consideration than in divided government.

In the section titled "Tackling the Climate Crisis", the budget request lays out a number of funding requests related to energy and sustainability, including, but not limited to:

- $1.7 billion in energy saving retrofits to homes, schools, and Federal buildings;
- $2 billion to put welders, electricians, and other skilled laborers to work building clean energy projects across the Nation;
- $815 million—a $540 million increase above the 2021 enacted level—to incorporate climate impacts into pre-disaster planning and projects to ensure that the Nation is rebuilding smarter and safer for the future;
- more than $450 million to facilitate climate mitigation, resilience, adaptation, and environmental justice projects in Indian Country, including investment to begin the process of transitioning tribal colleges to renewable energy;
- $600 million for electric vehicles and charging infrastructure in the individual budgets of 18 Federal agencies, including dedicated funds at the General Services Administration for other agencies and for the United States Postal Service charging infrastructure;
- over $580 million to remediate thousands of abandoned oil and gas wells and reclaim abandoned mines.
- more than $4 billion to fund a broad portfolio of research across multiple agencies including the Department of the Interior, NASA, NSF, and others to improve understanding of the changing climate;
- more than $10 billion—a nearly 30-percent increase over 2021—in clean energy innovation across non-defense agencies to help transform the Nation's electric, transportation, buildings, and industrial sectors to achieve a net-zero carbon economy by 2050;
- $1.2 billion contribution to the Green Climate Fund—the first American contribution since 2017—to help developing countries reduce emissions and adapt to climate change; and
- $485 million to support other multilateral climate initiatives, including $100 million for international climate adaptation programs.

Read the President's budget proposal by clicking **HERE**.

Executive Order on Climate-Related Financial Risks

On May 20 President Biden signed the *Executive Order on Climate-Related Financial Risk, aimed at helping Americans* better understand how climate change can impact their financial security. The Executive Order: 1) requires a whole-of-government approach to mitigating climate related financial risk; 2) encourages financial regulators to assess climate-related financial risk; 3) directs the Labor Secretary to consider suspending, revising, or rescinding any rules from the prior administration that would have barred investment firms from considering environmental, social and governance factors, including climate-related risks, in their investment decisions related to workers' pensions; 4) directs the development of recommendations for improving how Federal financial management and reporting can incorporate climate-related financial risk, especially as that risk relates to federal lending programs; and 5) directs that the federal government develop and publish annually an assessment of its climate-related fiscal risk exposure.

DOE Launches Energy, Emissions, and Equity Initiative

The U.S. Department of Energy (DOE) has announced a new initiative aimed at advancing the research, development, and national deployment of clean heating and cooling systems that include heat pumps, advanced water heaters, low-to-no global warming potential refrigerants, and smarter HVAC diagnostic tools in residential and commercial buildings. The Initiative for Better Energy, Emissions, and Equity (E3 Initiative) will launch with efforts to make clean and efficient building technologies easier and cheaper to

install and use, including:

- Nationwide Advanced Water Heater Deployment Initiative
- Research and Development of Low- to No-GWP Refrigerants
- Residential HVAC Smart Diagnostic Tools Campaign
- Cold Climate Heat Pump Technology Challenge
- Better Buildings Low Carbon Pilot

Find additional details by clicking **HERE**.

Senate Committee Advances Clean Energy for America Act

The Senate Finance Committee has approved the *Clean Energy for America Act*, sending it to the full Senate for consideration. The legislation would resolve the challenges of temporary energy tax provisions, by replacing 44 different energy tax provisions with a simpler set of long-term, performance-based energy tax incentives that are technology-neutral and promote clean energy. Among other provisions, the committee-approved legislation:

- provides an additional credit amount of $2,500 for new qualified plug-in electric drive motor vehicles for which the final assembly is at a facility whose production workers are members of or represented by a labor organization;
- requires that a new qualified plug-in electric drive motor vehicle purchased by the taxpayer has a manufacturer's suggested retail price (MSRP) of $80,000 or less;
- expands the credit for qualified commercial electric vehicles to include qualified electric transportation options;
- modifies the prevailing wage requirements for labor used in the construction of a qualified residence for purposes of section 45L;
- modifies the 179D deduction for energy efficient commercial buildings; and
- replaces the section 25C credit for nonbusiness energy property with an energy efficient home improvement credit available to individuals.

For more on the *Clean Energy for America Act* click **HERE**.

New Legislation Would Help Manufacturers Upgrade Facilities

Senate Energy & Natural Resources Committee Chairman Manchin (D-WV) joined Sens. Graham (R-SC) and Hickenlooper (D-CO) to help eligible small and medium-sized manufacturers upgrade their facilities to improve energy efficiency and reduce greenhouse gas emissions. According to a release from Chairman Manchin, the bipartisan *Manufacturing Clean Energy and Energy Efficiency Act*, 1) establishes a program to provide grants to small and medium-sized manufacturers that have received an energy assessment from a Department of Energy-funded Industrial Assessment Center (IAC) to make recommended upgrades to their facilities that would improve their energy efficiency, cybersecurity, and productivity while reducing their greenhouse gas emissions and waste; and 2) authorizes IACs to provide technical assistance to clients to aid them in carrying out their upgrade projects.

The text of the legislation can be found **HERE**.

Authors



R. Neal Martin, Senior Director of Government Relations

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.