

Energy & Sustainability Washington Update — August 2022

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VIEWPOINT TOPICS

- Energy & Sustainability

Build Back Better No More – Welcome to the Inflation Reduction Act

Starting as a \$3.5 trillion legislative proposal to tackle climate change and shore up the social safety net, the Build Back Better Act was eventually scaled back to \$2.2 trillion before passage by the House of Representatives in November 2021. That still-ambitious plan hit a wall in the Senate when Sens. Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ) refused to support it, denying Democrats the 50 votes they needed to advance the bill under the budget reconciliation rules without Republican support.

After many fits and starts and intense negotiation, Sen. Manchin and Senate Majority Leader Charles Schumer (D-NY) surprised most of Washington on July 27 when they announced an agreement on a compromise measure – **the Inflation Reduction Act** – that will make \$369 billion in investments in energy security and addressing climate change along with \$64 billion for an extension of subsidies for low- and middle-income households under the Affordable Care Act that are set to sunset at the end of the year. The bill would raise \$739 billion in revenue through a new 15% corporate minimum tax, prescription drug pricing reform, IRS tax enforcement, and narrowing the carried interest loophole. Together, these new investments and increased revenue would result in more than \$300 billion in deficit reduction.

Although significantly smaller in scope than what President Biden had called for and House Democrats had passed, the Inflation Reduction Act is still a hugely significant piece of legislation and, if enacted, will be the most far-reaching climate legislation enacted in the United States.

Full legislative text can be found by clicking [HERE](#).

Click [HERE](#) for a summary of the energy security and climate change provisions, which would:

- lower consumer energy costs and make homes more energy efficient,
- support clean energy production and domestic manufacturing,
- decarbonize the economy by reducing emissions from various sectors,
- invest in environmental justice and disadvantaged communities, and
- support farmers, forestland owners, and rural communities.

The legislative calendar is increasingly tight as we approach the midterm elections in November, leaving congressional Democrats limited time to advance the Inflation Reduction Act. The Senate is scheduled to leave Washington for the annual August recess on August 5, but Majority Leader Schumer has told the Democratic caucus to plan for an intense week of late hours as he seeks to pass the bill before adjourning. The proposed legislative text has been sent to the Senate parliamentarian, who will determine whether the various provisions meet the requirements for budget reconciliation. Once approved by the Senate, the bill will go to the House for consideration. Many House members will be disappointed in the smaller scale of the legislation, but most are expected to recognize it as the best option available and support the bill. The House is not officially scheduled to return until after Labor Day, but if the bill is approved by the Senate, there is word that the House will cut short the August recess to return to Washington for votes.

President Biden has indicated his full support for the Inflation Reduction Act, saying, "This is the strongest bill you can pass to lower inflation, cut the deficit, reduce healthcare costs, tackle the climate crisis, and promote energy security, all the time while reducing the burdens facing working-class and middle-class families."

Click [HERE](#) to read the White House statement on the Inflation Reduction Act.

Bipartisan Infrastructure Law Opportunities

The Department of Energy continues to roll out Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act) opportunities and, in July, announced the following:

- **Advanced Equity Through Workforce Partnerships** (Funding Opportunity Announcement) supporting the development of workforce programs and partnerships that will facilitate the continued deployment of solar energy technologies while supporting an inclusive workforce with opportunities for career advancement, including through union membership. The deadline for a letter of intent is August 13, with

concept papers due August 20 and full applications due by December 6.

- **Building Codes Implementation for Efficiency and Resilience** (Notice of Intent) announcing a future funding opportunity focused on efforts relating to the implementation of more efficient building codes, as well as encouraging more resilient buildings, including grid-flexibility and stability, storage, durability, and better protection against extreme weather events.
- **FY22 Photovoltaics Research and Development** (Funding Opportunity Announcement) to fund projects to reduce photovoltaics hardware costs and environmental impacts and increase perovskite module performance. These research areas will support increased photovoltaics deployment needed to meet the Biden administration's goal of a carbon emissions-free electricity sector by 2035. The deadline for a letter of intent is August 3, with concept papers due by August 12 and full applications due by October 17.
- **Carbon Capture Demonstrations Program** (Notice of Intent) announcing a future funding opportunity focused on Carbon Capture and Storage demonstration projects.
- **Vehicle Technologies Office Program** (Funding Opportunity Announcement) supporting research projects to address priorities in the following areas: the cost-effective deployment of EV charging for those without easy home charging, innovative solutions to improve mobility options for underserved communities, community engagement to accelerate clean transportation options in underserved communities, batteries and electrification, materials technologies, energy-efficient commercial off-road vehicle technologies, medium- and heavy-duty vehicle corridor charging and advanced engine and fuel technologies to improve fuel economy and reduce GHG emissions. The deadline to submit concept papers is August 25, with full applications due November 10.

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.