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Energy & Sustainability Washington Update — September 2022

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Inflation Reduction Act Is Now Law – Rollout Begins

Following months of intense closed-door negotiations, Democrats successfully advanced significant portions of their energy and climate agenda with the passage and enactment of the Inflation Reduction Act of 2022 (IRA), replacing the failed Build Back Better Act. The $740 billion IRA was signed into law by President Biden on August 16, and the White House has planned a formal celebration of the landmark law for September 13. To read more from ML Strategies on funding opportunities in the IRA, as well as an analysis from Mintz on the IRA's clean energy tax incentives, please click **HERE**.

While some provisions of the IRA went into effect upon enactment, funding opportunities in the form of grants, loans, and consumer rebates, will roll out over the coming months as the relevant federal agencies promulgate Funding Opportunity Announcements and, in some cases, stand up entirely new programs.

Following enactment, the Department of Energy's Office of Policy released a fact sheet highlighting the IRA's support for clean energy technologies that will lower energy costs while achieving 2030 economy-wide greenhouse gas (GHG) emissions to 40% below 2005 levels. The analysis covers technology policy; deployment and infrastructure; state, local, tribal, and territorial policy; and energy jobs. Key drivers identified in the analysis include power, industry, buildings, transportation, and agriculture and forestry. Find the analysis by clicking **HERE**.

In response to the enactment of the IRA, the Treasury Department issued initial guidance on changes to the tax credit for electric vehicles. To read the guidance, please click **HERE**. Effective immediately, the credit is available only for new electric vehicles assembled in North America. The Department of Energy provides a list of new electric vehicles for Model Year 2022 and Model Year 2023 that are likely to meet the North American assembly requirement – found **HERE**. The credit for pre-owned electric vehicles will go into effect in 2023. Treasury Department FAQs are found by clicking **HERE**.

As part of the agreement between Sens. Schumer and Manchin on the IRA, a handshake deal was agreed upon regarding permitting reform for fossil fuels. While the IRA was enacted with unanimous Democratic support, the final months of the current Congress will see a less unified Democratic caucus as Sen. Manchin pushes for Congress to make good on the agreement, which would make reforms to the permitting process for fossil fuel projects, including the approval of the Mountain Valley Pipeline in Sen. Manchin's home state of West Virginia. Already, progressive members of the Democratic caucus in the House of Representatives are indicating they will not support the deal, and some are calling for any legislation to enact the agreement to be taken up as stand-alone legislation and not included in any larger legislative vehicle that may be considered "must pass" as the 117th Congress concludes its work.

Bipartisan Infrastructure Law Opportunities

The Department of Energy continues to roll out Bipartisan Infrastructure Law opportunities and, in August, announced the following:

- **Pumped Storage Hydropower Wind and Solar Integration and System Reliability Initiative** (Notice of Intent) announcing a future funding opportunity of $10 million for electric utilities, state energy offices, tribes, institutions of higher education, or a consortia of these organizations to carry out project design, transmission studies, power market assessments, and permitting for a pumped storage hydropower project to facilitate the long-duration storage of intermittent renewable electricity. The estimated application opening date is to be determined.
- **Hydropower Research, Development, and Demonstration** (Notice of Intent) announcing a future funding opportunity of $36 million for industry, national laboratories, and academia to support research, development, demonstration, and commercial application for technologies that improve the capacity, efficiency, resilience, security, reliability, affordability, and environmental impact, including potential cumulative environmental impacts, of hydropower systems. The estimated application date is Q3 of 2022.
- **Solar and Wind Grid Services Demonstration** (Funding Opportunity Announcement) to award $26 million in funding for projects that demonstrate the reliable operation of a power system that has up to 100% of its power contribution coming from solar, wind, and battery storage resources. Concept papers

are due on September 15, with full applications due on November 17.

- **Advanced Clean Energy Manufacturing and Recycling Grant Program** (Request for Information) seeking input on a $750 million grant program for small- and medium-sized manufacturers to enable them to build new or retrofit existing manufacturing and industrial facilities to produce or recycle advanced energy products in communities where coal mines or coal power plants have closed. Responses are due by September 16.

As implementation of the Inflation Reduction Act gets underway, and implementation of the Bipartisan Infrastructure Law continues, ML Strategies professionals, along with our colleagues at the Mintz law firm, welcome the opportunity to answer any questions about how these landmark laws may impact your business or organization.

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.