ML STRATEGIES

Energy & Sustainability Washington Update — July 2024

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VIEWPOINT TOPICS

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Final Rules for Prevailing Wage & Registered Apprenticeships at Clean Energy Projects

The Department of the Treasury and Internal Revenue Service (IRS) recently announced **final rules** implementing the prevailing wage and registered apprenticeship increased credit provisions of the Inflation Reduction Act. Clean energy projects that meet the requirements of these final rules will receive a fivefold increase in clean energy tax credits for the deployment of wind, solar, nuclear, hydrogen, and other clean energy technologies, as well as for projects receiving allocations under the Section 48C Advanced Energy Projects credit.

A **factsheet** from the White House highlights how these final rules will provide a significant incentive for good-paying, high-quality clean energy jobs and build on existing efforts.

Accompanying this announcement:

- Deputy Secretary of the Treasury Wally Adeyemo and Acting Secretary of Labor Julie Su **published a blog** highlighting the use of Project Labor Agreements as a best practice for large construction projects and a tool to help project developers comply with the prevailing wage and apprenticeship requirements.
- The IRS released a **factsheet** that can be posted at job sites and used to educate workers about the prevailing wage and registered apprenticeship standards for clean energy projects, including information on how to use IRS Form 3949-A to report suspected violations of tax law.
- **The IRS and Department of Labor (DOL) announced that they are working on a memorandum of understanding (MOU),** to be signed by the end of the year. This MOU will harness DOL's extensive prevailing wage and registered apprenticeship expertise to facilitate joint education and public outreach, develop training content for IRS examiners, and formalize a process for DOL to share with the IRS any credible tips or information about potential noncompliance with the prevailing wage and registered apprenticeship requirements.

DOE Supply Chain Cybersecurity Principles

The Energy Department (DOE) has released a new set of **Supply Chain Cybersecurity Principles** that the agency says "characterize the foundational actions and approaches needed to deliver strong cybersecurity throughout the vast global supply chains that build energy automation and industrial control systems (ICS)." The principles focus on impact-driven risk management, framework-informed defenses, cybersecurity fundamentals, secure development and implementation, transparency and trust building, implementation guidance, lifecycle support and management, proactive vulnerability management, proactive incident response, and business and operational resilience.

Alongside the release of the principles, the White House released a **statement** from the National Security Advisor, Jake Sullivan, on the global effort to strengthen the cybersecurity of energy supply chains, stating "Energy systems around the world face continuous cyber attacks and are vulnerable to disruption. As new digital clean energy technologies are integrated, we must ensure they are cyber secure to prevent destruction or disruption in services."

Upcoming Funding Opportunities for Small Modular Reactor Technologies

DOE recently issued a **Notice of Intent (NOI)** to fund up to $900 million to support the initial US deployments of Generation III+ (Gen III+) Small Modular Reactor (SMR) technologies. DOE **anticipates** releasing a funding solicitation in late summer/fall of 2024.

The funding will be offered in two tiers:

- Tier 1: First Mover Team Support, managed by the Office of Clean Energy Demonstrations (OCED), plans to provide up to $800 million to support up to two first-mover teams of utility, reactor vendor, constructor, and end-users or power off-takers committed to deploying a first plant while at the same time facilitating a multi-reactor, Gen III+ SMR orderbook.

- Tier 2: Fast Follower Deployment Support, managed by the Office of Nuclear Energy (NE), plans to provide up to $100 million to spur additional Gen III+ SMR deployments by addressing key gaps that have hindered the domestic nuclear industry in areas such as design, licensing, supplier development, and site preparation.

An informational webinar is scheduled for 11:00 AM ET on Tuesday, July 9. **Registration** is required.

DOE also **plans** to hold an in-person Industry Day in August to facilitate partnerships among eligible applicant teams. Due to space constraints, Industry Day attendance will be prioritized for utilities, reactor vendors, constructors, end-users/off-takers, and members of the supply chain.

Methane Emissions Reduction Funding Opportunity

DOE and the Environmental Protection Agency (EPA) have **opened** the application process for

$850 million in Inflation Reduction Act (IRA) funding for projects that will help monitor, measure, quantify, and reduce methane emissions from the oil and gas sectors. The funding opportunity is intended to help small operators reduce methane emissions from oil and natural gas operations, accelerate the repair of methane leaks from low-producing wells, improve communities' access to empirical data and participate in monitoring, and enhance the detection and measurement of methane emissions from oil and gas operations.

The **funding opportunity** has two areas of interest:

- Area of Interest 1 – Methane Emissions Reduction from Existing Wells and Infrastructure (with three (3) Sub AOIs):
  - Reducing Methane Emissions from Marginal Conventional Wells
  - Reducing Methane Emissions from Small Operators' Wells and Other Oil and Natural Gas Assets
  - Reducing Methane Emissions from Marginal Conventional Wells and Oil and Gas Assets on Tribal Lands
- Area of Interest 2 – Accelerating Deployment of Methane Emissions Reduction Solutions (with three (3) Sub AOIs):
  - Field Deployment of Engine and Compressor Methane Reduction Technologies
  - Field Deployment of Gas Flaring Reduction Technologies
  - Field Deployment of Emissions Reduction Technologies at Oil and Gas Production Facilities

Applications are due August 26, 2024. Selection notifications are anticipated in December 2024.

Bipartisan Infrastructure Law & Inflation Reduction Act Opportunities

Visit the **ML Strategies Energy Funding Matrix** for details of federal clean energy funding and financing opportunities. We update the matrix on a biweekly basis and welcome any inquiries about how the Bipartisan Infrastructure Law and Inflation Reduction Act, along with other relevant federal opportunities, 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.