THIRD WAY

NEWSLETTER *Published July 14, 2023 • 7 minute read*

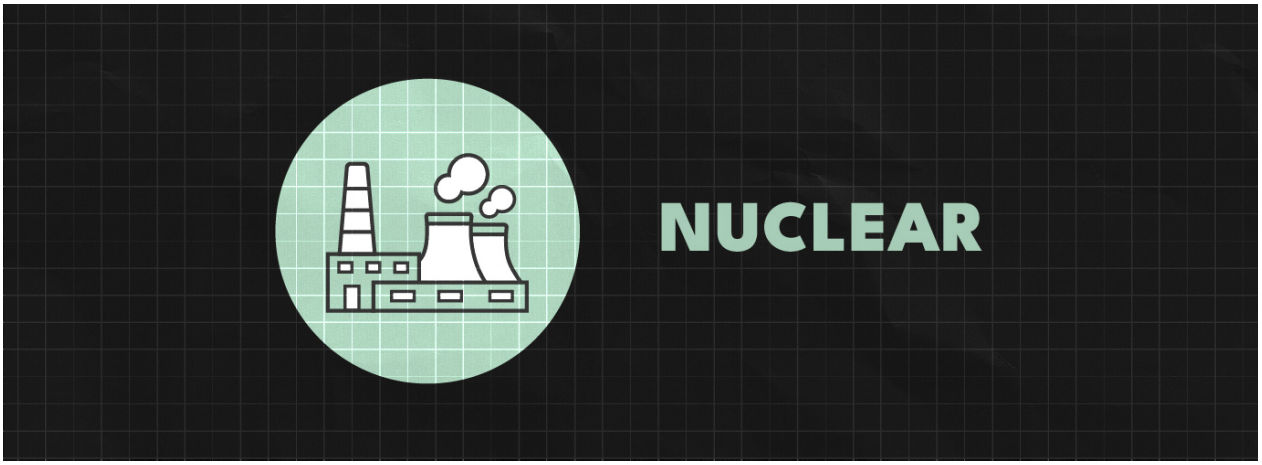
On the Grid: Adding It All Up 7/14/23

Mary Sagatelova
Communications and Content Advisor
@MarySagatelova

Click HERE to subscribe to this weekly newsletter.

This week, we're letting numbers tell powerful stories. From a steady drop in inflation rates to shifts in public opinion to worrying stats driving our domestic nuclear energy strategy, we're breaking these figures down.

P.S. Third Way's Climate and Energy Program is on Threads. We're excited to join this new space and connect with other thought partners developing policies that pave the way for an affordable, reliable, secure, and clean energy future. Give us a follow!



Here are some fast facts:

- 70% of the nuclear reactors currently being built around the world come from Russia and China.
- Together, Russia and China have 58 concrete partnerships and agreements with other countries to construct, export, or offer services for nuclear power facilities. The US has just 12.
- Almost 100% of the world's commercial advanced nuclear fuel capacity is in Russia.

The numbers don't lie–in the high-stakes race to deploy the next generation of nuclear energy technology, we're falling dangerously behind.

With an aggressive export strategy and centralized, state-backed support in tow, Russia and China are deploying their nuclear technology around the world. These aren't just business transactions, they're decades-long economic and diplomatic ties that can extend beyond simply generating energy to shaping broader geopolitical and security decisions. The past year and a half have shown us how deep interdependence on an autocratic regime can backfire. It's time we rethink our approach and commit to expanding America's presence in global markets.

To raise the alarm and put pressure on Washington, we launched a multi-month digital ad campaign highlighting how the US is losing the advanced nuclear race to China and Russia and emphasizing the urgent need to bolster our domestic industry. By setting a clear target to build at least 20 advanced reactors by 2035, we can foster innovation, encourage communities to embrace nuclear, and push the Administration to lead.

Capable of helping to decarbonize some of the most carbon-intensive areas of our economy, like heavy industry, transportation, and power generation, hydrogen fuel will play a key role in the clean energy transition. To jumpstart large-scale production and adoption, the US Treasury is currently finalizing guidance on Section 45V of the Inflation Reduction Act, which offers the first production tax credit (PTC) to encourage production, reduce costs, and grow the clean hydrogen industry.

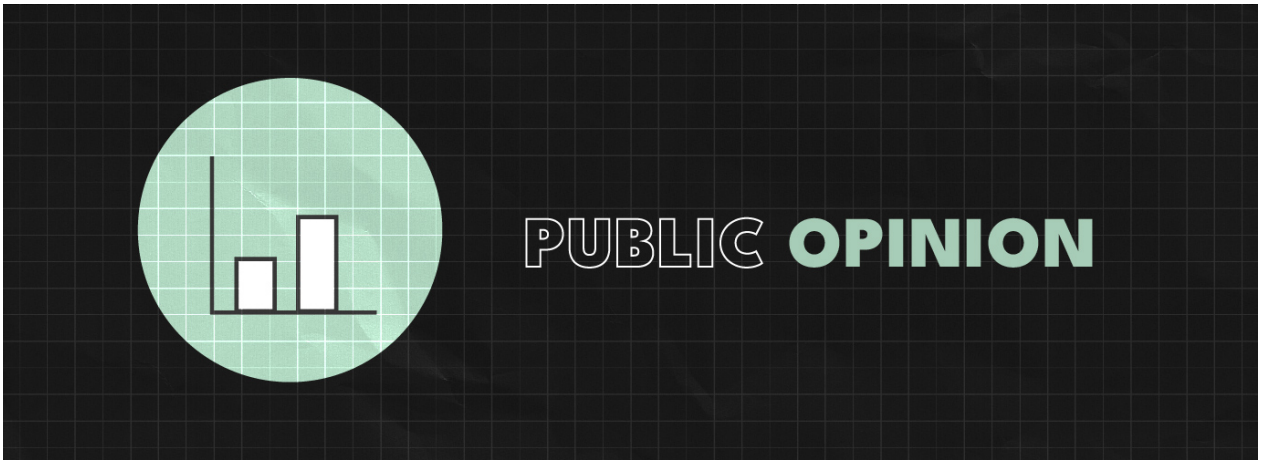
Energy Futures Initiatives (EFI) released a success-oriented 45V tax credit implementation guide to steer this process in the right direction, offering recommendations to support emission cuts and wide-scale electrification. Here's EFI's take on what the hydrogen production tax credit should include:

- A mandate to ensure that hydrogen production from well to gate creates little to no emissions;
- Policy flexibility to foster the growth of the clean hydrogen industry without compromising long-term emission reduction goals and investments;

- Balanced considerations–*focusing on adding new clean energy sources to the grid while preserving existing ones, respecting regional differences, and aligning energy production with demand*–that support decarbonization and a growing hydrogen industry.

Here's our take on EFI's guidelines: It will be much more difficult to reach net-zero without hydrogen fuel. But as more hydrogen projects are being built around the country, our concern is twofold. The expansion of fossil-derived hydrogen production without proper considerations for upstream emissions, for one, and second, a massive upscaling of hydrogen that our infrastructure and industries are presently ill-equipped for. EFI's approach to a hydrogen PTC not only encourages the burgeoning clean energy industry but outlines a pragmatic, phased-in approach that will give us the breathing room to scale up and effectively manage hydrogen production.

Want to learn more about hydrogen? Flip through Third Way's memo, based on analysis from Boston Consulting Group, to learn about steps the US can take to build and maintain a durable competitive advantage in the emerging global hydrogen market.



Navigating a path to a more affordable, reliable, and secure clean energy future is not just about overcoming political and technological hurdles, we must also steer the course through a broad spectrum of–*often differing*–political beliefs and values.

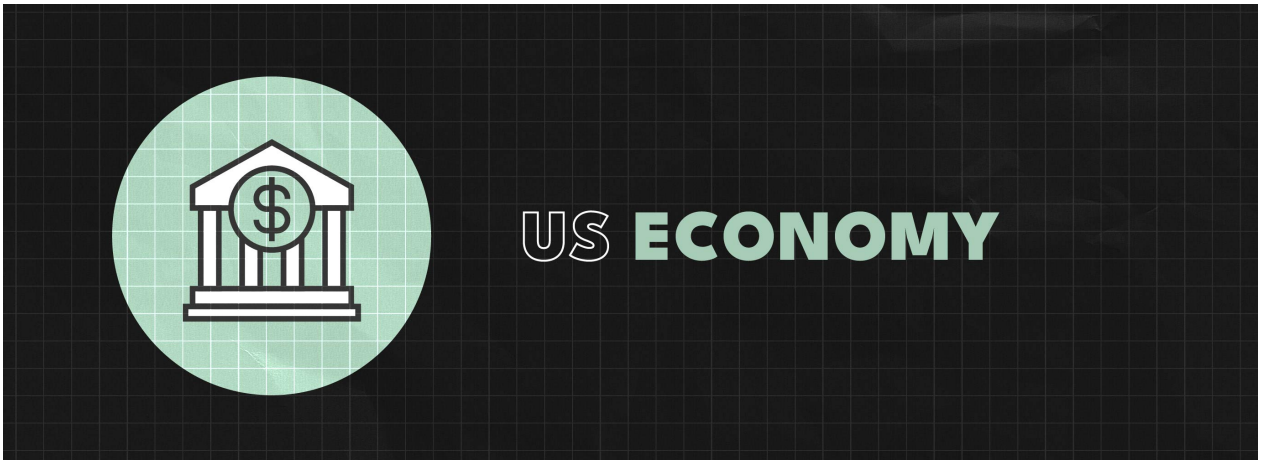
That's why Third Way's Politics Team partnered with Avalanche Insights on public opinion research to shed light on what factors and values drive voter sentiments across a wide range of issues, particularly with non-college-educated voters. Here are some of the topline results:

- There is a stark divide in how Democrats perceive America's current trajectory–while college-educated Democrats are optimistic, Democrats without a college degree are 17 points less likely to say the country is going in the right direction.

- Democratic voters across the educational spectrum cite "freedom" and "equality/rights" as their top American values, only deviating on their third-ranked choice, with non-college voters leaning into "fairness and hard work," while college graduates identified with "global leadership."

- Voters credit President Biden, and Democrats more broadly, for working to "create better clean energy and climate initiatives" and creating "good-paying jobs across all industries and sectors," but they're largely critical of how issues like inflation, crime, and immigration are being handled.

Our current economic landscape is important for voters, and as the results of this poll make clear, there is a palpable sense of dissatisfaction with how the Biden Administration is handling issues like inflation and rising costs. Voters want to see Democrats bring down prices and restore stability to their lives. With inflation showing signs of slowing down, it's important to be more vocal and emphasize how Democrats' policies, legislation, and investments in more reliable and secure energy have contributed to this.



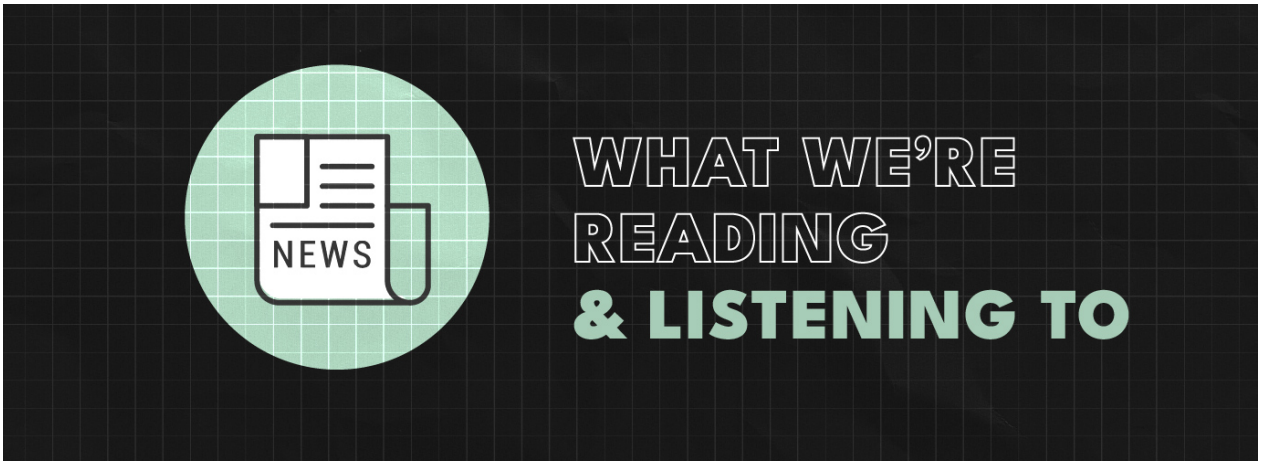
For the past year, critics and naysayers have attacked the Inflation Reduction Act, alleging that the "Bidenflation Bill" will stoke inflation and hike up prices. The data tells us another story.

This week, the Department of Labor reported that US inflation, following a downward trend, fell to 3% in June, reaching the lowest point in over two years. The cause? Aggressive rate hikes by the Federal Reserve and an injection of funding from the Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL) into the economy, proving that we can tackle both short-term problems, like battling inflation, while investing in long-term growth.

Ron Brownstein, in *The Atlantic*, outlines the power of these kinds of broader economic strategies, emphasizing how the government can continue to bolster the economy through targeted investments. By investing in sectors where we can cultivate a genuine, competitive advantage–like clean energy technology–the government can transform the economy for the better, creating good-paying jobs and reaffirming American leadership. With investments from BIL and IRA already in play, we've gotten a small taste of these possibilities. As Dr. Ellen Hughes-Cromwick, Senior Resident Fellow for Third Way's Climate Program put it, "What seems to be emerging is a clearly American industrial strategy. This is about moving ahead in markets where we can be super competitive."

By shifting the government's role–from regulator to direct investor–we have the potential to drive innovation, drive the development of new technologies, and design a stronger, carbon-free economy.

Want to learn more about the potential of a designer economy? Read Yakov Feygin and Nils Gilman's thought-provoking piece in *Noema.*



- J. B. Ruhl and James E. Salzman, in *The Greens' Dilemma: Building Tomorrow's Climate Infrastructure Today,* outline the history of the modern environmental movement, challenging groups to reinvent themselves to meet current challenges surrounding climate change and the clean energy transition. Ruhl and Salzman offer a set of recommendations, albeit controversial ones, to reform our outdated permitting system and accelerate the pace and magnitude of energy development.

- Yakov Feygin and Nils Gilman in *Noema* posit a more proactive, "designer" approach to a nationwide industrial strategy, emphasizing how the government can build a stronger, more resilient economy through strategic investments based on technological and economic trends. Feygin and Gilmans' piece is thought-provoking but leaves many questions unanswered, particularly around the government's ability and know-how to shape markets effectively and how we can overcome the partisan divisions that threaten to fracture the coalitions and movements fighting for a clean energy transition.

- Ezra Klein, a host of *the New York Times's* Ezra Klein Show podcast series, sits down with Robinson Meyer to reflect on the status of our clean energy transition nearly one year after IRA passage, commenting on triumphs we've seen in the past year and challenges for decarbonization still ahead of us.

Josh Freed, Senior Vice President for Third Way's Climate and Energy Program, highlights the urgent need for the US nuclear industry to stand up to competition from Russia and China.

burningintheundertow 2d ···

The development and export of civilian nuclear technology is at the intersection of democracies' security, energy, economic, and climate efforts. Why are we ceding this critical sector to the Chinese and Russian governments?

thirdwayenergy 2d

China is building 23 reactors. Why is the US only building 1?

The quicker we can safely build new advanced reactors, the quicker we can export our technology to allies abroad & cut carbon emissions.

Now is the time to build. Learn more at 20x35.org

2 likes