THIRD WAY

NEWSLETTER *Published February 4, 2022 • 5 minute read*

On the Grid: Climate, Competition, Coal, and Clean Fuel 2/4/22

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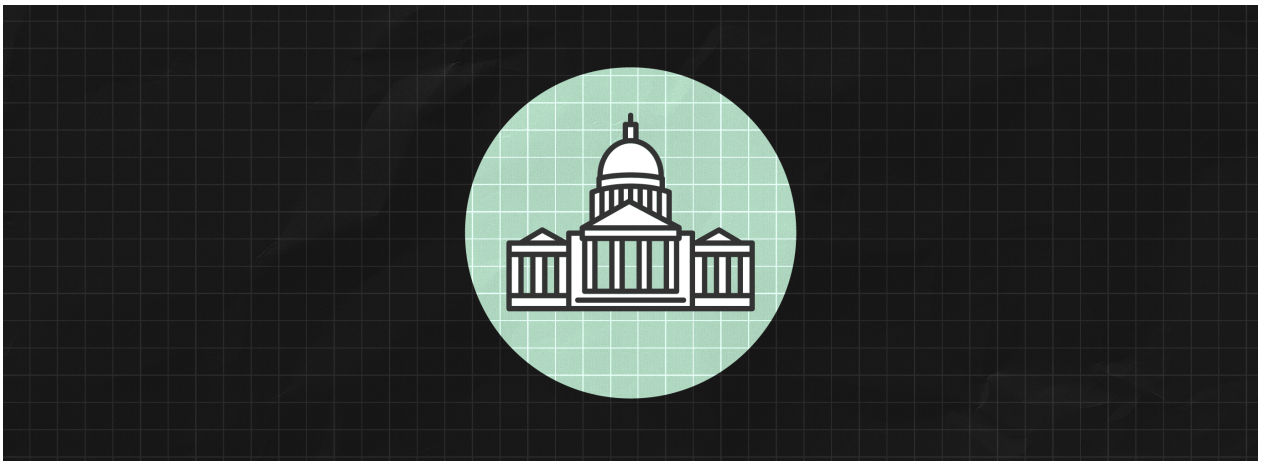
If there's one takeaway we want you to have from our work, it's that we're focused on building a diverse decarbonization strategy that includes *all* potential technological solutions to cutting carbon emissions and building out a clean energy economy. Not only will tech-inclusive policies make it easier and cheaper to cut emissions rapidly. They will lay the foundation for the future of American industry and manufacturing, representing an investment in American jobs, competitiveness, and global security. In addition to our recent work, the news this week shows this increasing support not only in the US but around the world.

1. USICA vs. COMPETES



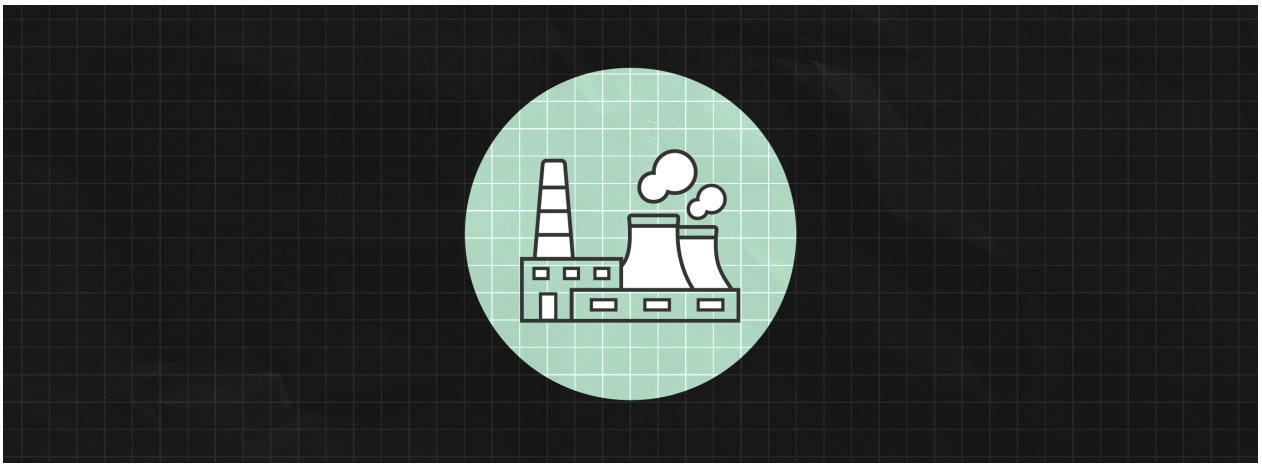
Last week, the House introduced the America Creating Opportunities for Manufacturing Pre-Eminence in Technology and Economic Strengthen (America COMPETES) Act, a counterpart to the US Innovation and Competitiveness Act (USICA) in the Senate. As Democratic leaders across both chambers work to reconcile the two bills, we want to highlight some of the key provisions that will strengthen our economic competitiveness and boost our national security.

Above all else, investments in US semiconductor production, a national strategy to bolster domestic supply chains, and funding for scientific research and innovation must survive negotiations and make it into the final bill. These provisions will help strengthen the US' economic competitiveness against foreign competitors and ensure we can take a leading role in the global effort to build out next-generation technologies and industries.

This coalesced bill would not serve as a replacement for the clean energy actions that could move through reconciliation. In fact, as we've seen with the Bipartisan Infrastructure Law, several of the investments proposed for BBBA, like building and retooling manufacturing facilities and boosting incentives to expand domestic production of clean energy technologies. This will help maximize the impact of a USICA/COMPETES bill and allow Americans to take full advantage of the clean energy provisions.

Right now, America's biggest economic rivals, like China, are developing strategies to establish a long-term advantage in clean energy technologies. We must do the same by enacting a competitiveness package *and* passing the climate and energy provisions in BBBA.

2. Changing the Conversation Around Coal

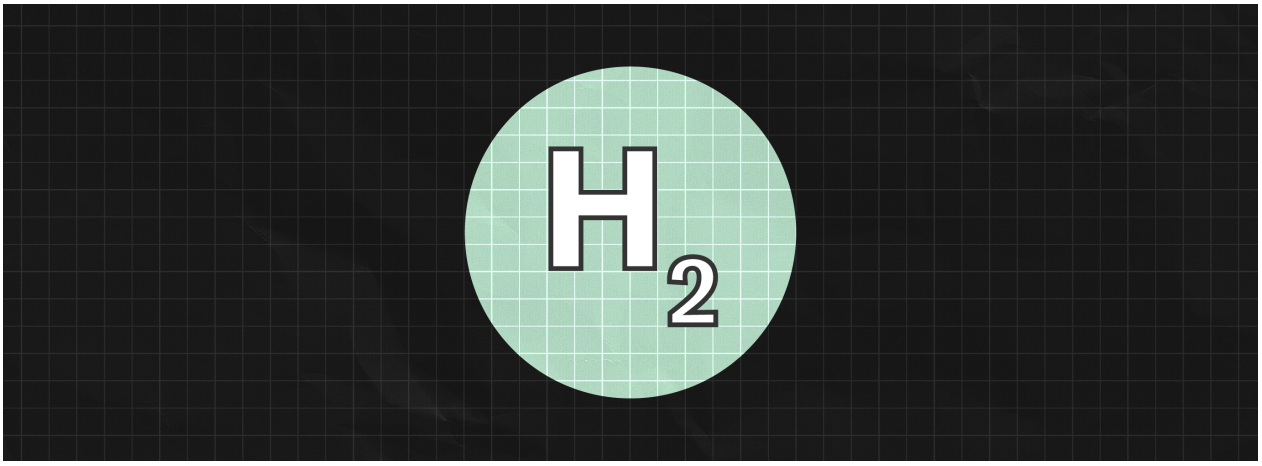


This week, *ProPublica* and the *New Yorker* published an exceptional piece of reporting by Alec McGillis on the history of coal production in Germany. McGillis focused on the state's targeted effort to move away from coal, its social and economic impact on coal communities, and how it compares to the US' own energy transition.

Here's our take: whether intentional or not, when the climate community vilifies fossil fuels, fossil fuel workers who rely on coal, oil, and gas production for their livelihood see themselves being condemned. As a result, climate activism has however inadvertently perpetuated an "us vs. them" dichotomy that has made fossil fuel communities feel as if they've been pitted against the rest of the world. This has made it more difficult to have productive clean energy conversations within these communities.

At this point, the market is naturally moving toward cleaner alternatives to coal. These alternatives are more cost-competitive, and they have fewer negative impacts on public health and the environment. But good communication on climate change should take an "all-for-one, one-for-all" approach that gives fossil fuel communities a seat at the table as the country transitions and acknowledges the work they've invested in building out our existing energy infrastructure.

3. H2 on the Move



There has been a lot of news around hydrogen, both in the US and around the world, in the past few months: New Mexico is considering a bill to expand low-carbon hydrogen production; the Loan Programs Office at the Department of Energy issued its first non-nuclear loan guarantee in six years to a "turquoise" hydrogen plant; Sweden has signed an agreement to launch the world's first nuclear-powered "pink hydrogen" plant; and Cemex, a leading multinational building materials company is investing in a clean hydrogen startup to develop a low-carbon alternative to fossil fuels that power cement production.

The Bipartisan Infrastructure Law includes $9.5 billion for clean hydrogen research, demonstration, and deployment, including the creation of clean hydrogen hubs and funding to bring down the cost of hydrogen electrolyzers and build out a domestic supply chain for hydrogen production.

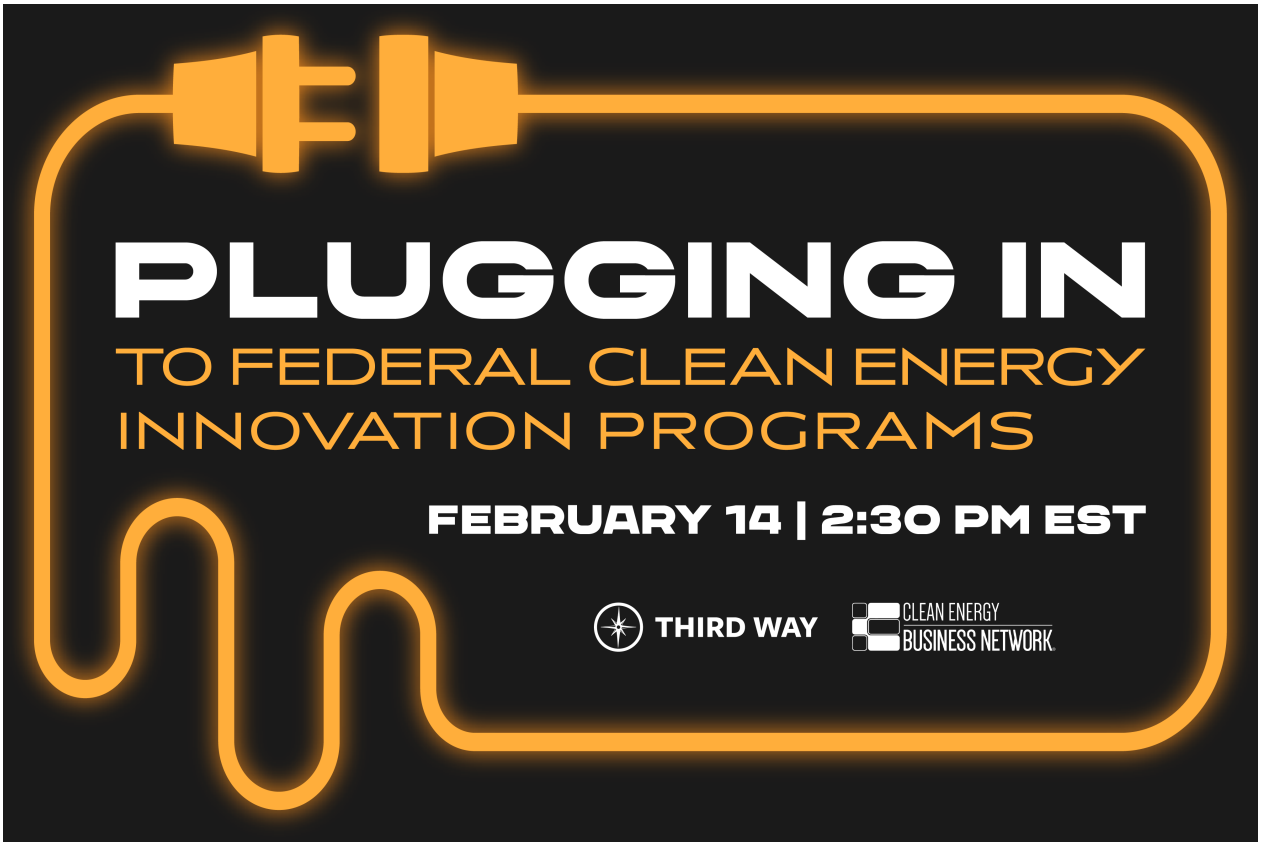
So why is there so much investment in hydrogen as a climate solution?

Zero-carbon hydrogen has several uses. In the transportation sector, for example, hydrogen has a vital role to play in decarbonizing medium- and heavy-duty vehicles, with hydrogen fueling helping to power the future of the trucking and shipping industries.

We can also use hydrogen in industrial applications to curb emissions from hard-to-abate sectors like steel production. Sweden's HYBRIT plant, for instance, uses electrolysis to convert renewable energy into hydrogen, which it then used to power the production of low-carbon steel. This is one example of the industrial use for hydrogen that can help reduce the embodied carbon emissions in construction materials and ensure we're on track to successfully decarbonize the industry sector.

Above all, hydrogen is becoming a critical alternative to fossil fuels in some of the most challenging industries and sectors to electrify.

4. Make sure to register for Plugging In To Federal Clean Energy Innovation Programs, an event showcasing various innovation programs within the Department of Energy.



5. What We're Reading

- Earlier this week, the White House released Building A Better America, a 465-page guidebook to steer the implementation of the Bipartisan Infrastructure Law for states. The guidebook is a comprehensive roadmap to the funding available under the new law.

- In *Bloomberg*, Josh Saul reports on a new venture spearheaded by BlackRock, NextEra Energy, and Daimler to build and operate battery charging and hydrogen refueling stations for trucks across the US. The three organizations are investing $650 million to build out charging stations along freight routes, which will be immensely helpful to transition our freight and trucking sector to low- and zero-carbon alternatives for medium- and heavy-duty vehicles.

- In the *Daily Beast*, Thor Benson breaks down why support for advanced nuclear as a climate solution is growing rapidly and why small modular reactors are helping reshape our perception of nuclear energy.