

On the Grid: Getting to Clean 7/07/22



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If you look to either side of the Atlantic, you'll notice a particularly fascinating trend—a growing number of nations are embracing nuclear energy as net-zero goals loom closer. Stateside, California is pushing harder than ever to keep its **remaining nuclear plant online** while companies like NuScale and X-Energy are seizing opportunities to build out key supply chains and expand our ability to produce safe, reliable, clean energy. The European Parliament has officially labeled nuclear energy as “green,” opening nuclear technology to potentially substantial investment opportunities. Finally, French President Emanuel Macron has moved to **nationalize** French nuclear company Électricité de France to ensure the longevity of its nuclear fleet.

As we celebrate these important actions, the consequences of last week's Supreme Court decision are sobering. The Court's choice to embrace the “major questions doctrine,” a conservative, and heavily scrutinized, legal theory has set a precedent that will supercede federal agencies' authority.

It is clear, as Justice Gorsuch's lamenting opinion captures, that the extreme Right has a calculated strategy to cripple our federal government's ability to act, including on climate.

1. The EU's Updated Taxonomy



This week, the European Parliament voted in favor of a Complementary Delegated Act that now certifies certain nuclear and natural gas as “green” activities under the European Union’s (EU) Taxonomy. What does this mean?

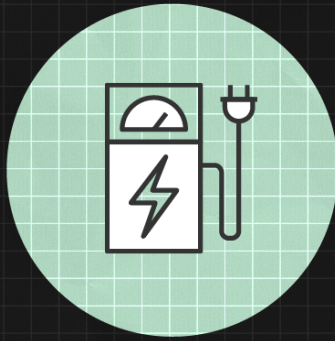
The main impact is a potential for increased investment. The EU’s Taxonomy acts as a guide for sustainable investment, giving governments, companies, investors, and other interested stakeholders an outline of activities and technologies that are *officially* recognized as “green” and count as sustainable investments. While investors are not barred from contributing to activities not aligned with the EU’s Taxonomy, exclusion severely limits what can be claimed as a “climate friendly” investment.

When it comes to meeting net-zero by 2050 goals, a technology-inclusive approach is absolutely necessary. Which is why it’s a big deal to have nuclear energy added into the EU Taxonomy. **Modeling** from the Carbon-Free Europe initiative stresses the vital role that nuclear energy, particularly advanced nuclear, will have in driving Europe’s decarbonization goals.

While the inclusion of natural gas into the Taxonomy provides a unique opportunity to replace dirtier and carbon-heavy coal, there are several red flags with this decision. Irrespective of the impact on carbon emissions, the continued reliance on natural gas, even transitionally, poses a serious threat to Europe’s energy security amid worsening tensions with Russia.

Overall, this decision is a sign Europe is moving in the right direction. More and more, global leaders are facing up to the simple truth: we need to use every clean tool at our disposal to reach net-zero emissions.

2. The Future of EV Tax Credits

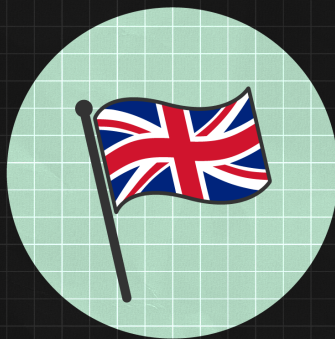


With over two dozen different models on the market and new investments flowing in every day, electric vehicles (EVs) have come a long way since President Bush first introduced an EV tax incentive in 2008. Intended to spur long-term EV adoption, the \$7,500 credit phases out after a manufacturer sells 200,000 vehicles, which many companies like Tesla, General Motors, and now Toyota, have already hit. Now, as Democrats muddle through negotiations for a comprehensive reconciliation package, it begs the question, do we even still need tax incentives for EVs?

To unpack why we still *absolutely, positively do need* EV tax credits, Dr. Ellen Hughes-Cromwick, Senior Resident Fellow and economist on the Climate and Energy team, sat down with Kaustuv Basu on *Bloomberg Tax's* latest [podcast](#).

The pair touched on the critical role that tax credits play in broadening US competitiveness in the EV market. While the market shift to EVs is undeniable and automakers continue to build out their EV manufacturing capacity, Congress must use every tool available to maintain robust demand. Growing the American EV industry and securing key supply chains, *and jobs within those supply chains*, relies on an extension of the existing EV tax credit. Read our [memo](#) on EV tax credits to learn more about the economic benefits of fueling our zero-emissions auto industry.

3. Sizing Up British Nuclear



Amid the commotion of Boris Johnson's sudden resignation, the UK clean energy agenda remains firm. Kwasi Kwarteng, Secretary of State of the UK's Business, Energy, and Industrial Strategy, is taking massive strides forward to further build out British nuclear energy capacity. Sizewell C, a proposed two-reactor power plant, will be the third nuclear plant built in Suffolk alongside the now decommissioned Sizewell A and the operating pressurized water reactor, Sizewell B.

As Carbon-Free Europe co-founders and Third Way Senior Vice President for Climate Josh Freed and Deputy Director Lindsey Walter discuss this week in *The Independent*, this move is essential to meeting the UK's future energy needs. **Modeling** conducted through Carbon-Free Europe points to a **200% increase** in the UK's electricity demand over the coming decades.

While Sizewell C is a step in the right direction, it is not enough by a longshot. The UK will need to significantly build out nuclear capacity *and* pair it with wind and solar energy to generate enough power in the future. The British are more than capable of doing this, especially as advanced nuclear reactors arrive on the scene. The real challenge is a government-wide acknowledgment that will spur a massive technology-inclusive approach to decarbonization.

4. What We're Reading and Listening To



Daniel Yergin, in the *Wall Street Journal*, provides a synopsis of the ongoing global race for energy security, the impact on global decarbonization efforts, and the newfound demand for a diverse fleet of safe and reliable clean energy sources.

- **Nicolás Rivero**, in *Quartz*, offers an optimistic—but realistic—perspective on the *West Virginia v EPA* ruling, and outlines different tactics the EPA still has the ability to wield in order to curb carbon emissions across the country.
- This week, as we reel with the future of our clean energy goals and newfound regulatory limitations, we are revisiting the first episode of our *Arsenal of Clean Energy Podcast series*, featuring Third Way economics expert Dr. Ellen Hughes-Cromwick, Dr. Dana Peterson of The Conference Board, and Christy Goldfuss of the Center for American Progress.