

# On the Grid: Navigating a Balance 5/19/23



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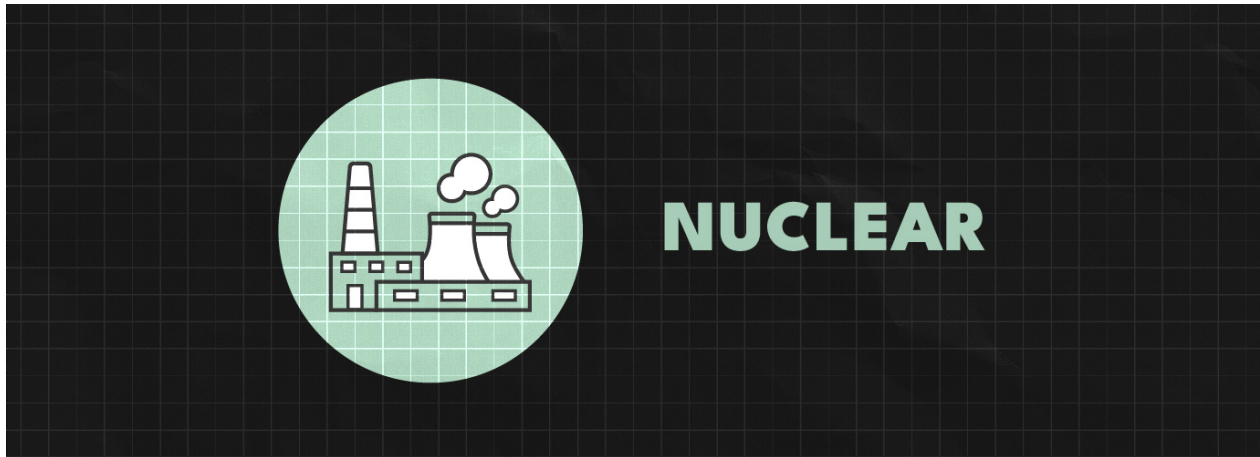
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With the June 1 deadline looming closer, Congressional leaders met with President Joe Biden this week for high-stakes discussions, tapping a core group of negotiators to help avoid defaulting on our national debt. Third Way's Economics team has made the case clear—if we default, the consequences will be disastrous for working families nationwide. [Read their breakdown](#) of what this could mean for every state and congressional district.

As both sides inch from their initial hardline stances, a framework for a potential deal to raise the \$31.4 trillion debt ceiling is beginning to emerge. Conversations are circling several options, from scaling back \$30 billion in unspent COVID-19 funds to capping discretionary spending in the years ahead. But if Republicans' highwire act continues to teeter toward the edge, it's not just an economic fallout we're facing—the aftershocks will have far-reaching implications for climate and clean energy policy if the government is forced to put a freeze on tax credits or cut spending.

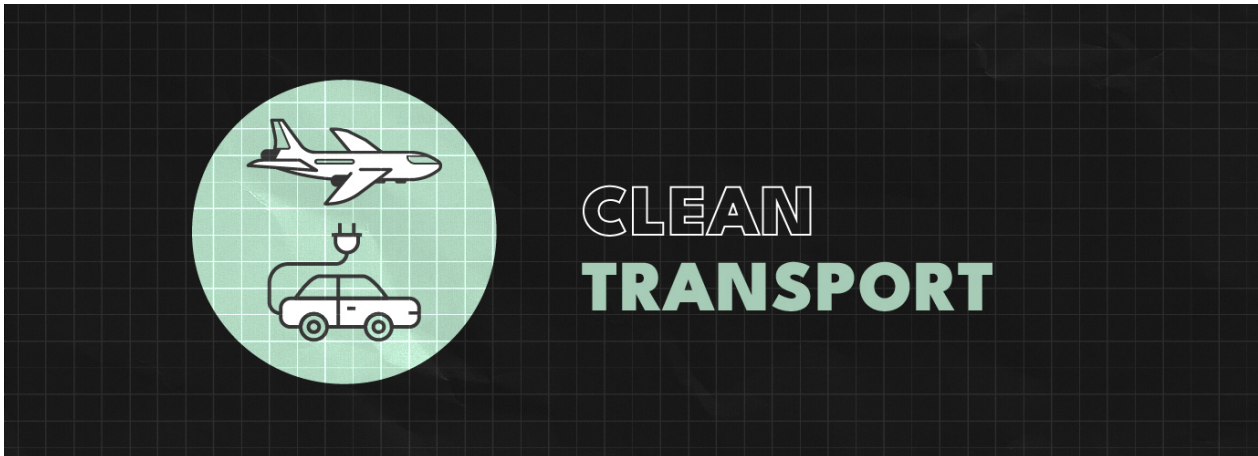
However, the Inflation Reduction Act is crucial in helping to buffer and protect clean energy investments. As Third Way's Dr. Ellen Hughes-Cromwick said in *SemaFour*, "we lucked out with this effort on clean energy [the IRA] that comes at a time when it will really help to tamp down those recessionary forces."



With cutting-edge nuclear technology slated to hit the market in 2030, the Nuclear Regulatory Commission (NRC) must be ready to efficiently review and license advanced nuclear reactors at an unprecedented scale. Doing so will guarantee that we have access to affordable, reliable, secure, and clean energy and put American companies at the forefront of nuclear innovation. This isn't just about keeping up, it's about leading the charge.

To help steer initial conversations, Third Way and ClearPath hosted a briefing on the Hill this week, outlining how specific policies, like the [ADVANCE Act](#), can offer pragmatic solutions to improve licensing efficiency and cost, getting advanced nuclear reactors licensed, built, and export ready. Doing so not only empowers the NRC to navigate complex regulatory barriers but provides a clear and confident framework for agencies, industries, and investors.

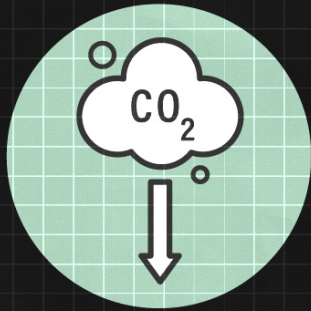
As Senator Sheldon Whitehouse, a longtime champion of nuclear innovation, told a packed audience of government leaders and advocates, "We *will* be building nuclear, the US DoD says so, and we're working hard in a bipartisan fashion in Congress to make sure that that comes true."



Aviation is not only one of the most carbon-intensive sectors, but it's also one of the toughest to decarbonize. Sustainable aviation fuel (SAF), a clean, liquid fuel, can be used interchangeably and blended with today's conventional jet fuel to make meaningful cuts to emissions and transform American aviation. Interest in SAF has reached new heights in the last two years, but with a hefty price tag—*two to four times more than conventional fuel*—it still only accounts for less than 0.1% of jet fuel used by major airlines.

If we want airlines to use SAF, we have to make sure it's affordable. Research and development can help level the playing field, unlocking the breakthrough technologies and refining processes we need to make SAF cost-competitive. That's why Third Way sent a [letter](#) co-signed with nearly 40 organizations to Congressional leaders requesting funding for critical Department of Energy and Federal Aviation Administration programs to support the expanding SAF market.

Curious to learn more about sustainable aviation? Check out Third Way's recent [modeling work](#) highlighting how SAF will help US aviation reach net-zero by 2050.



## INDUSTRIAL DECARBONIZATION

This week, the US General Services Administration launched a 6-month pilot program, applying new proposed federal requirements for the use of low-carbon materials in 11 different construction and renovation projects. Grounded in the Biden Administration's Buy Clean Initiative, this program is a test run, providing valuable insights into the market for materials like concrete, cement, glass, asphalt, and steel. Over the next 6 months, GSA will zoom into the various supply chain components and manufacturing capabilities, gathering information to help shape final standards for federal procurement of low-carbon materials.

As nations around the world turn to lower-carbon materials and cleaner goods to meet climate goals, American industries must be ready to meet this surging demand, and GSA's pilot program is a strategic nudge in the right direction. Not only are we laying the groundwork for American companies to emerge as frontrunners, but we are ensuring that democratic principles guide the global market.

You can read (and share!) our Twitter thread for a comprehensive outline of what these new standards mean for our climate and economic goals.



## US ECONOMY

This week, the Department of Energy (DOE) announced its intention to purchase 3 million barrels of oil, a move that will begin the process of refilling the strategic petroleum reserve (SPR) after the Biden Administration sold 180 million barrels of oil from our reserve last year. A key move to offset

price shocks that reverberated from Russia’s invasion of Ukraine and subsequent moves from OPEC+, releasing oil from the SPR alleviated the pressure in the oil market and lowered costs at the pump for American families, and set us up for stability. Today, gas prices are down 30% from where they were last June.

Now, as the price of crude oil touches \$71 per barrel, the Biden Administration is moving on its earlier intention to repurchase oil for the SPR when prices were at or below \$67-\$72 per barrel. But refilling the SPR is not just about promises kept, it’s a strategic move that will safeguard against any future vulnerabilities, and believe it or not, is a good move for the climate.

As Rob Meyer notes, much like emptying our reserves lowered prices, filling them back up will raise oil prices. By nudging oil prices higher, we are effectively encouraging the use of more affordable and stable energy. This is a smart move—one that shows how far an “all-of-the-above” energy strategy can go to ensure economic stability and climate action.



- Greg Brophy in *Utility Drive* unpacks how our complex regulatory process kept TransWest Express—a 700-mile transmission project that will bring 1,000 jobs and 3,000 MW of new transmission capacity to our grid—delayed for 15 years.
- Emily Pontecorvo in *Heatmap* zooms in on Colorado, highlighting how state legislation is enabling Coloradans to take huge advantage of federal incentives in the Inflation Reduction Act—like giving Coloradans the opportunity to purchase a 2023 Chevy Bolt for \$15,000 or less!
- Jason Bordoff on the *Columbia Energy Exchange* podcast series sits down with Ann Mettler, Vice President for Europe at Breakthrough Energy to discuss Europe’s strategy to decarbonize and cut dependence on foreign energy.

# ON SOCIAL

Third Way's Climate and Energy Program spotlights Alan Ahn, Third Way's Senior Resident Fellow for Nuclear Energy, as he discusses how reforming our permitting process will be instrumental in getting nuclear reactors on the ground and ready to meet our growing energy demands.



**Third Way Climate & Energy**  
@ThirdWayEnergy



Third Way's Senior Resident Fellow for Nuclear Energy, [@alanahn81](#) discusses permitting reform at the [@NEI](#)'s Nuclear Energy Assembly conference in Washington, D.C.

Ensuring the US can build out energy infrastructure such as nuclear power plants is key to our energy independence.

