

On the Grid: Safeguarding the Clean Energy Transition 6/16/23



Mary Sagatlova

Communications and Content Advisor

[@MarySagatlova](https://twitter.com/MarySagatlova)

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This week, as we see [inflation easing](#), the Federal Reserve paused its 15-month streak [on interest rate hikes](#). While many [economists](#) suggest that this hiatus might be temporary, one thing we know for certain is that we are at the end of this interest rate-tightening cycle. Why does this matter for clean energy? Because when interest rates decrease, it becomes easier to green-light clean energy projects, helping to encourage investment that has already been on the rise. The private sector has been putting [billions of dollars](#) into clean energy projects over the past year, underscoring the stabilizing force that legislation like the Inflation Reduction Act can bring to markets.

Despite the fluidity, we're remaining calm, and instead focusing on efforts to ensure policies that provide a stable environment for clean energy progress remain intact.



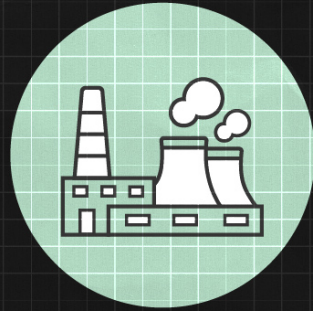
CONGRESS

In a hotly contested *but largely expected* move this week, House Republicans on the Appropriations Committee advanced a \$58 billion energy and water spending bill, imposing severe cuts to the Department of Energy (DOE), rolling back key programs, and repurposing funds. Here are some of the most glaring revisions:

- Slashed funding for DOE's Office of Energy Efficiency and Renewable Energy by 13% from FY23 levels, undermining clean energy research, development, and demonstration;
- A \$5.58 billion repeal from vital cost and energy-saving programs in the Inflation Reduction Act, brutally undercutting hardworking American households;
- \$15 billion in loan authority was rescinded from the Loan Programs Office, gutting a successful program with a proven track record in advancing clean energy innovation and manufacturing.

These proposed cuts are not just a step in the wrong direction—they're a whole leap backward, both for our clean energy goals and for the American economy. Drastic shifts in funding levels create market instability, deterring domestic and foreign investment, and undermining confidence in our government to tackle big challenges, like a transition to a cleaner, more reliable, and secure economy. House Republicans' proposed plan has serious implications and will effectively cede our competitive advantage to countries like China. With the Senate Appropriations Committee beginning to mark up their funding bills next week, we hope that policymakers will be able to reach a more pragmatic and balanced solution.

You can read our statement on the bill [here](#).

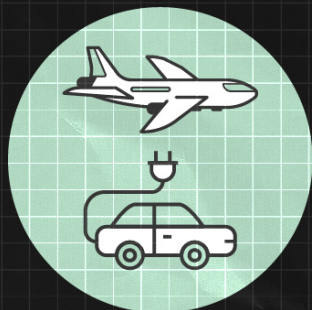


NUCLEAR

This week, Senators Joe Manchin and Jim Risch introduced the [Civil Nuclear Export Act of 2023](#) (CNEA). This bipartisan measure would enhance our ability to compete in existing and emerging nuclear markets and help reduce global dependence on Russian and Chinese civil nuclear technologies. We're excited about this bill for a couple of reasons:

- The bill helps expand the mandate of the US Export-Import Bank, unlocking specific financing for civil nuclear facilities, materials, technologies, and related goods and services.
- By providing competitive financing options, the bill will empower the US nuclear industry to offset Russia and China, who already bring their own government-backed financing packages to export deals.
- The bill gives the US nuclear industry the jolt it needs to compete in emerging nuclear markets and encourages our partners and allies to opt for American nuclear technology rather than Russia's or China's.

As we've [noted](#), Russia and China dominate the global nuclear market, and their influence is only growing. This has raised serious concerns about the kinds of values and standards that are becoming embedded within the nuclear industry. This proposed bill is a crucial tool that will help us level the playing field and assert a stronger American presence—*one grounded in values of democracy and freedom*—in the global nuclear sector.



CLEAN TRANSPORT

Aviation emissions, already 3% of total global emissions, continue to grow. And unlike cars and trucks, airplanes cannot easily be electrified, meaning that a robust, sustainable aviation fuel (SAF) industry is not just an option but a necessity.

The upcoming Farm Bill reauthorization slated for September offers policymakers the unique opportunity to build upon the achievements of the Bipartisan Infrastructure Law and the Inflation Reduction Act to expand the SAF industry. Third Way's [newest memo](#) outlines how modernizing the Section 9003 Biorefinery Program in the Farm Bill, designed initially to provide loan guarantees for the development, construction, and retrofitting of commercial-scale biorefineries, can help reduce financial barriers and accelerate the production and deployment of SAF.

By supporting SAF provisions in the Farm Bill, policymakers can offer a solution to one of our most challenging decarbonization questions, while also uplifting the farmers and rural communities that will be growing the feedstocks used for SAF production, and reaping the benefits of this emerging industry along the way.



Last week, President Joe Biden and UK Prime Minister Rishi Sunak announced the [Atlantic Declaration](#), a new economic partnership between the US and the United Kingdom focusing on the clean energy transition and collaboration on emerging technologies. Among the many provisions announced, here are some of the ones we're most excited about:

- **Collaboration on priority technologies:** Together, the US and UK will explore collaborative R&D across national research institutes for advanced semiconductors, technology is *essential* for a wide range of clean energy technologies.
- **Mobilization of private capital towards strategic technologies:** The nations have committed to establishing a US-UK Strategic Technologies Investor Council within the next twelve months, bringing together experts to identify funding gaps in critical and emerging technologies and how to unlock private investment.

- **Negotiations on a Critical Minerals Agreement:** Already initiating negotiations, the US and UK will develop a critical minerals agreement, focusing on those most important for EV production—cobalt, graphite, lithium, manganese, and nickel—which while being extracted in the UK, will count toward domestic sourcing requirements for EV tax credits in the Inflation Reduction Act.
- **Partnership on a Joint Clean Energy Supply Chain Action Plan:** The US and UK announced a joint one-year Clean Energy Supply Chain Action Plan, through which the nations will identify actions to boost clean energy capacity, allowing both countries to be ready to meet growing energy demand.
- **Civil Nuclear Partnership:** To cut dependence on Russian fuel, the US and UK will aim to develop new infrastructure and end-to-end fuel cycle capabilities by 2030, while also supporting the deployment of nuclear technologies like small modular reactors.

The Atlantic Declaration is not only working to advance both nations' respective climate and clean energy goals but is taking proactive steps to assert early American and British leadership, presenting a united front to counter Russia and China's growing influence on the world stage.



- [Max Bearak](#) in *The New York Times* explains the depth of our reliance on Russia for nuclear fuel and the importance of building capacity for domestic nuclear fuel supply chains.
- [Patti Waldmeir](#) in the *Financial Times* details the capacity for electric vehicles to act as a personal power source, providing clean electricity for everything from everyday errands to supporting America's aging electrical grid.
- [Gerard Reid and Laurent Segalen](#), in the 100th episode of their *Redefining Energy* podcast series, envision a clean energy future with Katherine Hamilton, Chair of 38 North Solutions, and LPO's Jigar Shah, outlining what it'll take to reach net-zero.

ON SOCIAL

Senior Resident Fellow [Dr. Ellen Hughes-Cromwick](#) provides a unique perspective on our transition to electric vehicles (EV), and what we risk by rolling back key EV investments and incentives.



Ell Hughes-Cromwick
@EllenHughesCrom



Having worked [@Ford](#) as global chief economist for a bunch of years...and now watching some members of Congress talk about rolling back [#ElectricVehicle](#) provisions that were just passed in the [#Inflationreductionact](#)...What? Follow along with me please... 1/6