

On the Grid: Seizing the Moment 6/02/23



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With debt ceiling legislation headed to the President's desk this week, we've managed to narrowly avoid economic fallout. But even under extreme pressure, our economy has proven resilient, with 339,000 new jobs added to the workforce last month, demonstrating the capacity of our economy to grow, even under pressure. With conversations still swirling on debt ceiling negotiations, we're shifting our focus back to some major climate and clean energy headlines.



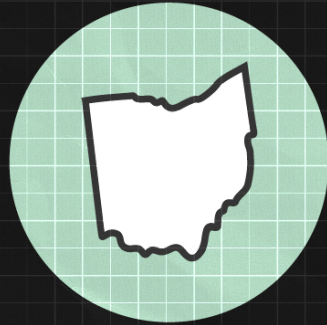
CONGRESS

Congress voted this week to pass the *Fiscal Responsibility Act* to suspend the \$31.4 trillion debt ceiling through 2025 and avoid a disastrous economic default—you can read Third Way’s statement on the deal here. This is more than just balancing our books—the bill is tackling some of the biggest hurdles standing in the way of deploying reliable, clean energy. Here are a couple of elements that we’re thrilled to see:

- Despite Republicans’ best efforts to dismantle them, the clean energy incentives in the Inflation Reduction Act remained intact. This is a *huge* victory—stripping these provisions would have been a major blow to our energy security, put thousands of jobs at risk, and undermined economic growth.
- Recognizing the need to address the complex and time-consuming regulatory frameworks slowing down clean energy projects, the bill includes key provisions that streamline the permitting process. This includes consolidating reviews under a single lead agency, putting Environmental Impact Statements and Environmental Assessments on the clock with strict time limits, fast tracking energy storage projects, and broadening categorical exclusions for projects.

The bill also throws a nod to the transmission issue, mandating that the North American Electric Reliability Corporation (NERC) study our grid’s current transmission capacity and ability to share electricity with neighboring regions over the next 18 months. On the surface, this provision seems like a responsible move that will lay the blueprint for new power lines in the future. But given that *many studies* like this are already completed, this is becoming another hurdle that will impede timely transmission buildout. More than anything, this added provision underscores the push and pull of bipartisan negotiations and the messy compromises that we get as a result.

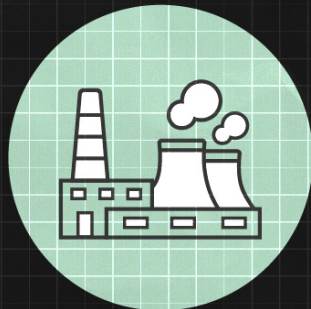
From our perspective, this bill is kicking off some desperately needed permitting and transmission reform, but we’re far from reaching the finish line. We’re going to need more comprehensive policy to cut back on the regulatory roadblocks standing in the way of clean energy development and make it easier to build new power lines. Our concern is not that we won’t be able to find bipartisan agreement in future negotiations but that including minor tweaks in this bill has taken the political momentum away from further, more substantive improvements.



DISPATCHES FROM THE HEARTLAND

This week, Third Way Visiting Fellow Tim Ryan released the second edition of his monthly “Dispatches from the Heartland” column in *The Liberal Patriot*, outlining how the burgeoning electric vehicle (EV) market can help communities learn to flex their manufacturing muscles again after years of offshoring and automation atrophied entire industries.

Drawing on both his own lived and professional experience in a heavily de-industrialized area, Tim outlines the fallout these communities faced when manufacturing facilities shut their doors and moved overseas. But just as he witnessed the economic devastation firsthand, Tim also saw the resilience and determination of working-class Americans, who stand ready to roll up their sleeves and embrace the challenge of EV manufacturing. And with a lucrative \$1 trillion annual market by 2030 up for grabs, this is an opportunity that working-class Americans are eager to be a part of. Read Tim’s newest piece and subscribe to *The Liberal Patriot*!



NUCLEAR

This week, the US nuclear industry hit major milestones on two fronts. On one end, Georgia Power's Vogtle Unit 3 nuclear reactor reached 100% power output, swiftly approaching commercial service, with Unit 4 expected to follow by the start of 2024. And on a parallel route, the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023 passed out of the Senate Environment and Public Works Committee on Tuesday with bipartisan support, moving forward key legislation that will preserve existing nuclear reactors and provide the Nuclear Regulatory Commission with the tools necessary to license advanced technology in the future.

The two-pronged progress we've seen this week is part of a continuing policy shift. Nuclear is seen as enhancing our ability to generate affordable and secure carbon-free electricity here at home and an American-made technology that can outcompete Russian and Chinese technology in the global marketplace to ensure our national security.



German Chancellor Olaf Scholz rose to power in 2021 through a three-party coalition, uniting Germany's center-left Social Democrats, climate-conscious Greens, and the pro-business Free Democrats into a singular, "traffic-light" coalition. Now that same coalition, first cracking around debates on the country's decision to shut down its nuclear facilities, is fully fracturing. The cause? A [draft policy](#) that would cut emissions from home and building heating, mandating at least 65% renewable energy for electricity generation starting next year.

With the building sector responsible for 15% of Germany's carbon emissions, this law, to the Greens, is integral to achieving Germany's clean energy goals. The Free Democrats, on the other hand, see the bill as a major restriction on private households, many of which will have to replace gas boilers with heat pumps. Many working-class Germans, particularly those in the industrial and eastern parts of the country, are also wary of this policy because they see it as imposing big, unnecessary costs on them.

Germany's growing divide is a reminder to the rest of Europe—bans and regulations are increasingly unpopular and spurring a growing political backlash. Over the next couple of years, there will be elections for the European Parliament, and in Poland, Belgium, the United Kingdom, and Germany. There is a risk, particularly in an era of persistent inflation, that climate and clean energy policy takes on a more polarized position in Europe. It is a situation that bears watching closely in the coming months and years.

Interestingly, the United Kingdom Labour Party's Shadow Chancellor, Rachel Reeves, offered what may be a way to navigate the politics of climate in a [speech she delivered at the Peterson Institute](#). Reeves outlined what she's calling a "securonomics" economics framework for the UK that focuses on incentives in clean energy among other sectors to drive investment, job creation, and economic growth. Reeves' vision echoes that of the Biden Administration, as detailed by [Jake Sullivan](#) in April.

It may signal the emergence of a new center-left (or centre-left for our British readers) approach to governing at a moment when the rules of global trade are shifting, and the threat from authoritarian regimes is growing.



- [Brian Deese](#) in the New York Times, comments on how the Biden Administration's climate and clean energy agenda is spurring private investment at an unprecedented rate. *For a deeper dive, you can read our [work](#) on how recent legislation is unleashing \$1 trillion from the private sector.*
- [Patrick George](#) in *The Atlantic* writes on the need to expand charging infrastructure to drive faster EV adoption and normalize electric transportation.
- [David Banmiller](#), host of *The Interchange* podcast series, sits with Michael Mo, CEO of KULR, to discuss the race to develop the lightest, most efficient, and fastest charging batteries and how battery technology will accelerate our move to cleaner energy.



[Third Way's Climate and Energy Program](#) uplifts Senator Sheldon Whitehouse's call for a carbon border adjustment policy to curb carbon emissions and hold some of our biggest polluters accountable.



Third Way Climate & Energy
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.@SenWhitehouse hits the nail on the head - we can help our EU allies address global emissions by implementing a CBAM of our own.

And because US industrial goods are generally cleaner, US manufacturers stand to benefit from trade policies that incorporate a cost on carbon. 1/



Sheldon Whitehouse  @SenWhitehouse · May 30

Fourth, we need to turn our response to the EU CBAM (carbon border tariff) into a big climate positive. No whining or complaining; no exceptions, delays or waivers; no substitute “arrangements.” Someone needs to be tasked to do this.

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