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Why the BID is a BIG Down Payment on Clean Energy

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Members of Congress from both sides of the aisle have been negotiating a “bipartisan infrastructure deal” (BID) for the past several months. And on August 1, the Senate finally released the text of a \$1.2 trillion bipartisan infrastructure package that will make a historic investment in our nation’s “hard” infrastructure.

The BID, now formally known as the Infrastructure Investment and Jobs Act, still has a long road to travel before it reaches President Biden’s desk. But this agreement is a momentous first step and a testament to the leadership of President Biden and the Democratic Caucus. And although we still have work to do in subsequent legislation like a budget reconciliation bill, the BID represents a major down payment on the clean energy infrastructure we need to mitigate the effects of climate change, deploy new clean energy technologies, build more resilient and sustainable infrastructure, and uplift underserved communities. It’s a significant investment in the American workforce, and it will bring the US closer to President Biden’s promise to Build Back Better by putting millions of Americans to work in a clean, competitive, and equitable economy.

Below are several prime examples of how the Bipartisan Infrastructure Deal invests in our clean energy future. If you would like more details on any of these items, please contact Ryan Fitzpatrick (rfitzpatrick@thirdway.org) or Josh Freed (jfreed@thirdway.org).

Transforms our Electric Grid by investing \$27.65 billion in grid infrastructure, resiliency, and reliability. A modern grid is critical for a competitive economy and unlocking clean power resources across the country. According to our modeling from the Decarb America Research Initiative, the roughly \$11.5 billion for transmission will create nearly 22,000 jobs annually over the next five years. The deal also includes new reforms that streamline the process for siting and permitting high-priority interstate transmission lines.

Expands Broadband, with investments that include \$45 billion to be used to deploy broadband to unserved areas and increase internet affordability for low-income households. For every \$1 billion spent across five years to expand broadband internet service in rural areas, we’ll create over 2,000 jobs annually.

Boosts American Manufacturing by offering \$750 million in grants to build or retool facilities that manufacture clean energy products. This program is very similar to the more expansive 48C manufacturing tax credit program we’ve long advocated for and hope to see in reconciliation. Proposals for a 48C program with \$8 billion in credits would create over 36,000 annual jobs over the next five years, and would direct half of the investment tax credits to struggling coal communities.

Supercharges the EV Industry by investing \$7.5 billion in electric vehicle and alternative charging infrastructure, including \$5 billion dedicated to EV charging, which is absolutely

essential for the successful deployment of EVs across the United States. This funding will create over 9,000 annual jobs over the next five years and will help President Biden meet his goal of deploying 500,000 alternative vehicle charging stations by 2030, depending on how allocation is split between electric vehicle charging and hydrogen, propane, and natural gas refueling.

Strengthens America's Position in Energy Storage by spending \$3 billion on battery material processing grants and \$3 billion on battery manufacturing and recycling grants, which will help the US bolster its domestic supply chain for important products like electric vehicles. This is a key priority for both environmental and labor groups alike, and by fortifying battery manufacturing in the US, we can ensure the EVs we drive today and in the future are made and assembled in the US by American workers. Along with other provisions in the bill designed to help boost domestic manufacturing, such as the 48C manufacturing tax credit and reforms to DOE's Loan Programs Office, this \$6 billion investment could bring us close to the \$10 billion we believe is necessary to bring US battery manufacturing up to scale.

Substantially Funds US Clean Energy Innovation and climate mitigation by investing nearly \$27 billion in research, development, demonstration, and commercialization priorities. This includes demonstration programs in carbon capture, energy storage, advanced nuclear, geothermal, solar, wind, and more, along with a prize competition for direct air capture (DAC). All of these are vital innovation programs authorized in the Energy Act of 2020, and will help to ensure we bring these technologies to market quickly. The BID also appropriates \$500 million for clean energy demonstration projects on current and former mine lands, an important part of transforming and revitalizing hard-hit communities.

Enables New Industries in Carbon Removal and Clean Hydrogen. The innovation category above includes a \$3.5 billion investment to scale up carbon removal and commercialize technology by establishing four regional DAC hubs. Scientists widely agree that DAC is a necessary solution for removing existing carbon from the atmosphere and meeting our climate targets.

The BID also designates \$8 billion of its innovation funding to establish four regional hubs for clean hydrogen production, transportation, and use. It provides \$500 million to support a domestic supply chain for clean hydrogen production, plus an additional \$1 billion to bring down the cost of hydrogen electrolyzers. This technology can produce hydrogen by electrolysis using a low carbon electricity source, solar or wind.

By establishing these **regional hubs** for both H2 and DAC, the US can begin to build out the supply chain for these industries, which will create thousands of new job opportunities for

skilled workers across the country. Half of these hubs will be sited in economically distressed areas, meaning new economic benefits and job opportunities created by H2 and DAC hubs will support communities in need. Moreover, the US is positioning itself to become a leader in clean hydrogen and direct air capture, which will enhance our global competitiveness and boost our economy.

Lays the Foundation for Successful Carbon Management by investing in carbon transport and storage infrastructure. In addition to encouraging capture of carbon from facilities and directly from the air, the bipartisan bill provides a total of roughly \$5 billion to prepare geologic storage sites and develop a network of pipelines to make sure capture carbon gets underground or to industrial users that will keep it out of the atmosphere. These types of infrastructure projects will unlock solutions for some of our hardest sectors to decarbonize, while launching new industries and creating over 25,000 jobs annually.

Preserves our Largest Source of Clean Power by authorizing a credit auction program to help keep struggling nuclear plants from being replaced by natural gas, which is absolutely imperative if we want to stay on track to reach net-zero emissions by mid-century. We would still like to see a nuclear production tax credit, like the one proposed by Senator Cardin and Representative Pascrell, included in reconciliation. As part of the \$27 billion innovation investment, the bill will also help **Secure US Leadership in Advanced Nuclear** by fully authorizing the Advanced Reactor Demonstration Program and funding the federal cost share through 2025 to help advance the commercialization of next-generation nuclear reactors. We've said it before, and we'll say it again: advanced nuclear energy will be fundamental to global decarbonization efforts, and the US is in a good position to lead this industry.

Further Unleashes LPO's Full Potential by clarifying program requirements for the Department of Energy's Loan Programs Office (LPO) that have made it harder for smaller clean energy firms to receive financing. The deal also expands eligibility for the Advanced Technology Vehicle Manufacturing Program to include manufacturing for medium- and heavy-duty vehicles to support the deployment of a more expansive EV fleet. These reforms will make LPO more efficient and accessible and unlock the next generation of clean energy technologies. In our recent memo, we explain the value of LPO and how increased funding and policy reforms for LPO can help the program meet surging demand from clean energy companies to participate.

Cleans Up Orphaned Gas Wells through a \$4.7 billion investment that we predict will clean up nearly 250,000 wells and create over 10,000 annual jobs over the next five years.

Increases Spending on Public Transit by 83% over the FAST Act for a total of \$39.5 billion in new spending. This includes \$8 billion in additional spending to construct new and

expanded transit services and \$5.25 billion to help transit agencies purchase clean buses.

Establishes a Program to Reconnect Communities Damaged by Urban Freeways with an initial investment of \$1 billion. We have been staunch advocates for mitigating and repairing the damage urban highways have caused to Black and Brown communities since the '50s and '60s. But we'll undoubtedly need to increase the level of funding this program receives and couple it with anti-displacement policies to protect the communities the program is designed to assist.

Let's be clear: the Bipartisan Infrastructure Deal is not a full climate plan. This level of funding is not nearly sufficient to build out the clean energy infrastructure needed to put America on a path to net-zero emissions by mid-century. That's why Congress still needs to pass an expansive budget reconciliation bill that includes things like clean energy tax credits, an investment-based alternative to a clean energy standard that gets more clean power to consumers, funding for clean federal procurement, more resources to finance clean energy projects, and the creation of a Civilian Climate Corps.

But the Bipartisan Infrastructure Deal is still a *really* big deal, and it contains some pivotal provisions that will fund climate and clean energy programs at a level we've never seen before. Let's acknowledge that, and then let's get back to work.
