THIRD WAY

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On the Grid: Connecting It All Together 5/10/24

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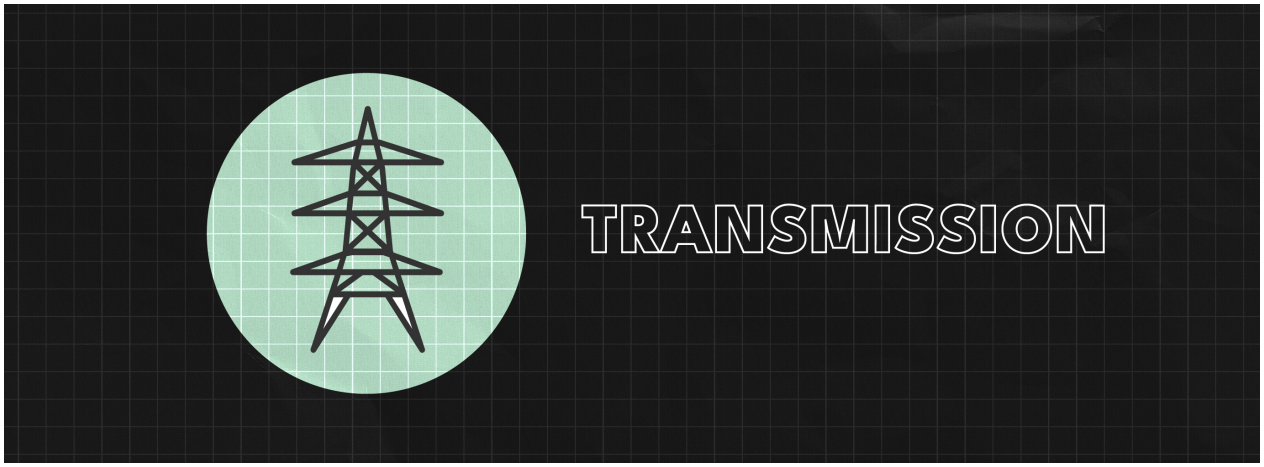
Welcome to *On the Grid,* Third Way's bi-weekly newsletter, where we recap how we're working to deploy every clean energy technology as quickly and affordably as possible. And we're cutting through the election year noise to parse out what this year means for clean energy and how we can push decarbonization forward today and into the future.

We're excited to have you join us!



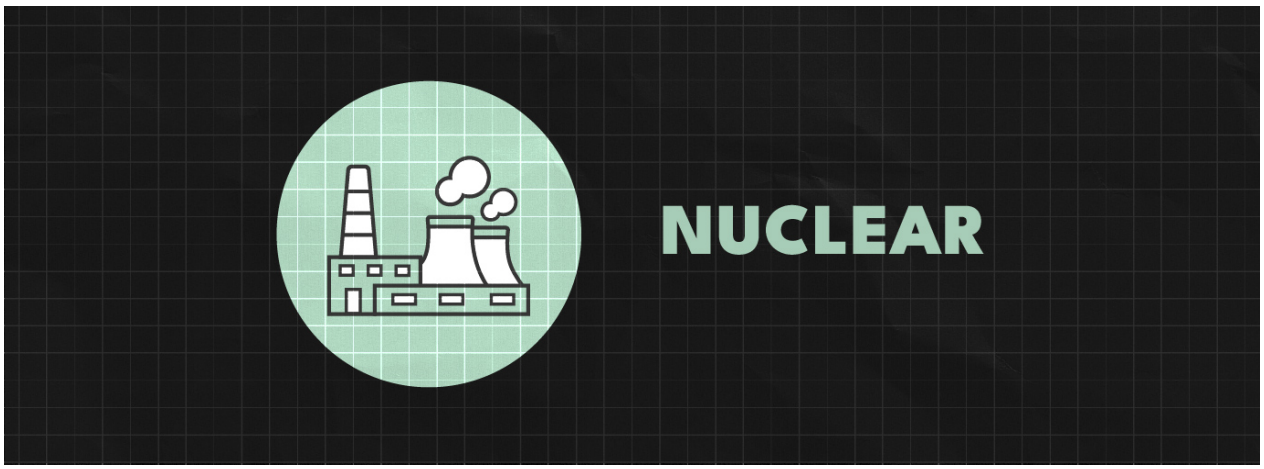
This week, the Department of Energy (DOE) took action to boost interregional transmission, announcing ten proposed National Interest Electric Transmission Corridors (NIETCs) across the US. It's a historic step, almost 20 years in the making. Let's break down what it means:

***What is a NIETC*?** NIETCs are DOE-designated regions where inadequate transmission compromises grid stability and raises consumer costs. This action gives regions access to additional federal funding and streamlined permitting, both of which help fast-track transmission projects to improve grid performance and cut costs.

Why This Matters: Our grid is long overdue for an upgrade—something previous administrations have struggled to address. Only in the last three years—through the Bipartisan Infrastructure, Inflation Reduction, and Energy Acts—has DOE received the authority to fast-track critical transmission projects. Leveraging October's "National Transmission Needs Study", DOE has identified areas with the worst bottlenecks and congestion points. The new Transmission Corridor designations will finally address a long-standing issue that is 20 years overdue.

What We're Doing: These designations are a crucial first step, but we need to do more to strengthen our current grid and ready it for higher electricity demand and expanded clean energy deployment. That's why we've been pushing for a variety of broad policy recommendations and solutions to both reinforce existing grid infrastructure and expand new transmission lines. Look out for our upcoming memo detailing strategies for shoring up today's grid.

Looking ahead, we're expecting the Federal Energy Regulatory Commission to issue a final rule to improve regional transmission planning and cost allocation next week, which will have *massive* implications. More on that soon.

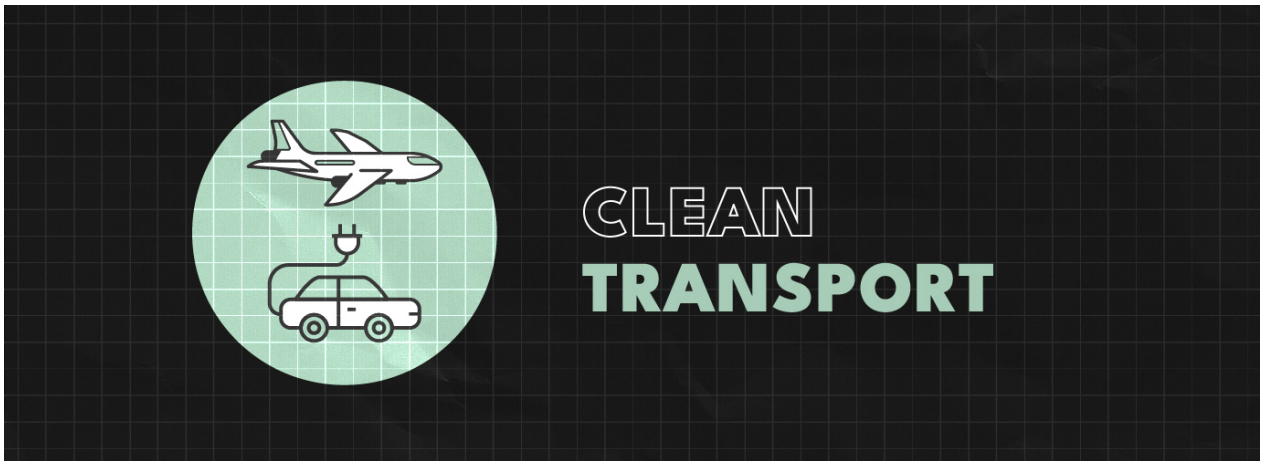


Last week, the Senate unanimously passed the Prohibiting Russian Uranium Imports Act which will ban the import of enriched uranium from Russia by 2028. This move strikes directly at Russia's stranglehold on the global nuclear market, where it currently monopolizes commercial advanced nuclear fuel production.

Why This Matters: For over two decades, Putin has leveraged Russia's energy industries to fund his authoritarian regime. By signing this bill into law, the US is sending a clear message—Russia will not go unchallenged and the US will no longer fund its war machine.

As Senior Vice President Josh Freed noted in a statement, "*We've said time and again: relying on Vladimir Putin's authoritarian regime for nuclear fuel threatens our national security and that of our allies.*"

What's Next: Once President Biden signs the bill, it will unlock $2.72 billion included in the FY24 Energy and Water Appropriations Act to boost domestic enrichment. As the first group to quantify the true cost of building a domestic advanced nuclear fuel supply chain, we've long been vocal about the importance of ending reliance on Russian uranium. Our advocacy helped bring the Prohibiting Russian Uranium Imports Act over the finish line – and, with funding set to unlock soon, we're doubling down on our efforts to ensure this money is used efficiently and strategically.

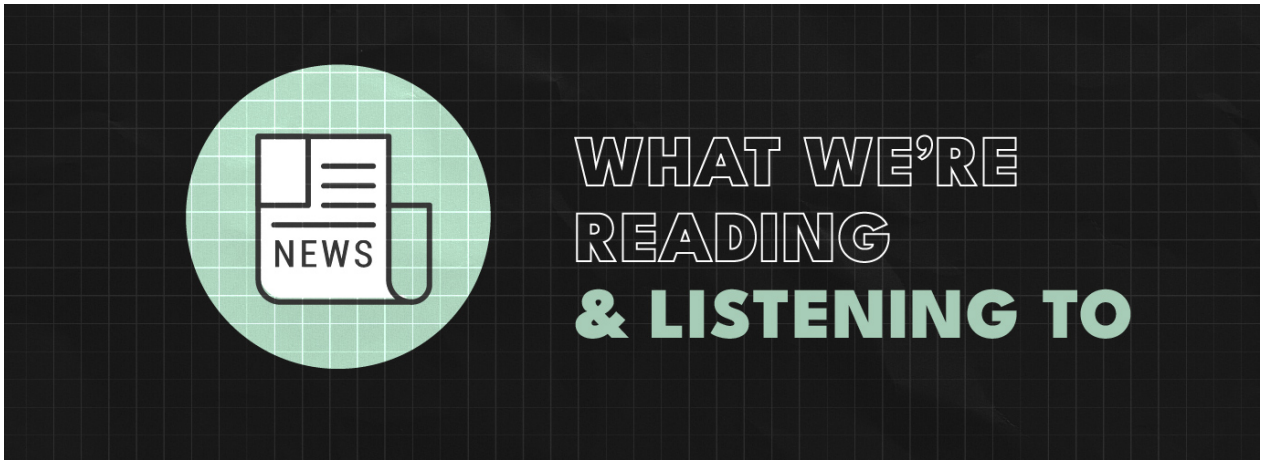


Sustainable Aviation Fuel (SAF) is a clean liquid fuel that can be used in place of or blended with conventional jet fuel. It's among the most effective solutions we have for reducing aviation emissions. Despite growing interest from major airlines, SAF still only accounts for less than 0.1% of global jet fuel consumption. SAF is expensive to produce, up to 4 times more expensive than conventional jet fuel. If we want airlines to use SAF, we need to make it cheaper and easier to produce.

The How: Last week, the US Treasury released final 40B tax credit guidance to incentivize SAF production. To qualify, producers must demonstrate at least a 50% reduction in emissions compared to conventional jet fuel. To help producers accurately measure emissions and qualify for the credit, the Treasury also adopted DOE's updated Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) model.

Why This Matters: DOE has long used the GREET model to measure lifecycle emissions, but the new updates adopted by the Treasury will help provide a more accurate picture by taking reduction strategies like carbon capture and storage, climate-smart farming, and renewable electricity into account. These updates will help us reduce aviation emissions while supporting the growth of a domestic SAF industry using the existing feedstocks and production processes. You can read our statement on the impact of the model and tax credit here.

What We're Doing: The Inflation Reduction Act is jumpstarting a domestic SAF industry through key tax credits. While the 40B credit is laying the groundwork for more SAF production now, it expires at the end of the year, after which a broader tax credit, 45Z, will take over. We're still awaiting details on the structure of the credit and how the updated GREET model will be incorporated. In the meantime, we're continuing to leverage our modeling work to showcase the importance of SAF in helping US aviation reach net-zero.



- Chris Miller, in the Financial Times, spotlights the CHIPS and Science Act and how key incentives are driving an investment boom and positioning the US to produce a fifth of the world's most advanced chips by the end of the decade.

- Emily Pontecorvo and Matthew Zeitlin spotlight 10 clean energy projects in *Heatmap,* pointing to unique projects and technologies that could make or break our transition to net-zero.

- Shayle Kann on *Catalyst* talks with Julio Friedmann, chief scientist at Carbon Direct, about the importance of carbon capture technologies and the emerging carbon management economy.