

**NEWSLETTER** *Published January 24, 2025 • 7 minute read*

# On the Grid: Welcome Back! 1/24/25



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Welcome back to *On the Grid*, Third Way's bi-weekly newsletter. Today's dispatch is our first of the new Trump administration. Our focus remains the same: we'll give you our take on what's happening and our work to ensure the United States acts to make energy as clean, secure, reliable, and affordable as possible.



# WHITE HOUSE

Things always move quickly and somewhat chaotically in a Trump Administration. We'll endeavor to keep these emails as up-to-date as possible. To that end, the new administration has signed several executive orders, including halting leasing and permitting for wind projects, withdrawing from the Paris Climate Accords, and declaring a "national energy emergency" to accelerate permitting for oil and gas projects. The implications of all of these policies are still coming into focus.

For this email, we'll focus on the executive order that has the biggest impact on the nation's energy policy: declaring a national energy emergency to increase fossil fuel production. Trump is right to treat an insufficient reliable energy supply as a national security risk. In the midst of a great power competition with authoritarian states like China, Russia, and Iran, the United States must have abundant affordable, reliable, secure, and clean energy to power the growth of artificial intelligence, domestic manufacturing and supply chains, and transportation.

As we've written in *On the Grid* many times, the US is blessed with copious oil and natural gas resources and is already producing them at record levels. That is going to continue. Where we're facing a potential crisis is in 1) producing enough electricity to meet fast-growing demand, 2) upgrading our electricity grid to transmit and distribute that electricity, 3) producing the components for the generation, transmission, and distribution of electricity, and 4) developing and owning the cutting-edge technologies like advanced nuclear and batteries that will power the 21st century.

All of the above energy policy helps keep energy prices low, enhances reliability, and ensures America's security. Pausing much of the funding for clean energy that Congress has already approved undermines this, and certainly doesn't help meet the United States' national security, energy, or economic needs. Instead, it creates uncertainty and risks projects being abandoned, increased energy costs, and electricity demand being left unmet. That's the last thing the country needs at a time when we're locked in such a tense competition with China.



# POLITICS

Democrats faced intense attacks for their positions on energy during the 2024 election, particularly on support for electric vehicles. Michigan Senate candidate Elissa Slotkin, in particular, faced millions of dollars worth of anti-EV ads, caricaturing her as a reckless spender and a “DC insider”. We helped then-Rep. Slotkin pushed back against these ads with clear messaging that can be applied more broadly in the debate about energy policy.

Based on our public opinion research, Slotkin broke through and effectively countered the anti-EV attacks. Here’s how she did it, and how others can follow:

- **You’re not a car salesman, so don’t talk like one.** It isn’t your job to make Americans like electric cars; that’s the job of the auto companies. When supporters talk about EVs or rebut critics’ attacks, the last thing they should emphasize is how great it is to own an EV. It doesn’t make Americans more supportive of investments in EV manufacturing or tax credits for consumers, and it’s out of touch with families who can often barely make ends meet, let alone afford a new car.
- **Make the economic stakes clear.** Most Americans are not motivated by their concerns about climate change and do not prioritize climate action over everyday challenges, like paying the bills and finding consistent child care. Good messages on EVs don’t force listeners to prioritize climate change. Instead, they emphasize that EVs are a tool to help address Americans’ existing concerns about their local economies, job opportunities, or security.
- **Don’t run away from criticism. Lean in.** Slotkin didn’t shy away from criticism of EVs. She accepted that EVs aren’t right for everyone and made an effective case in favor of EV manufacturing. She emphasized that she doesn’t own an EV and wouldn’t make Michiganders buy one but made clear that, if car companies are selling EVs, those cars should be made by American workers. Her argument met Michiganders where they were: EVs could help address some of their existing economic concerns, not just climate change.

*Want to learn more? Click to read our latest public opinion research.*



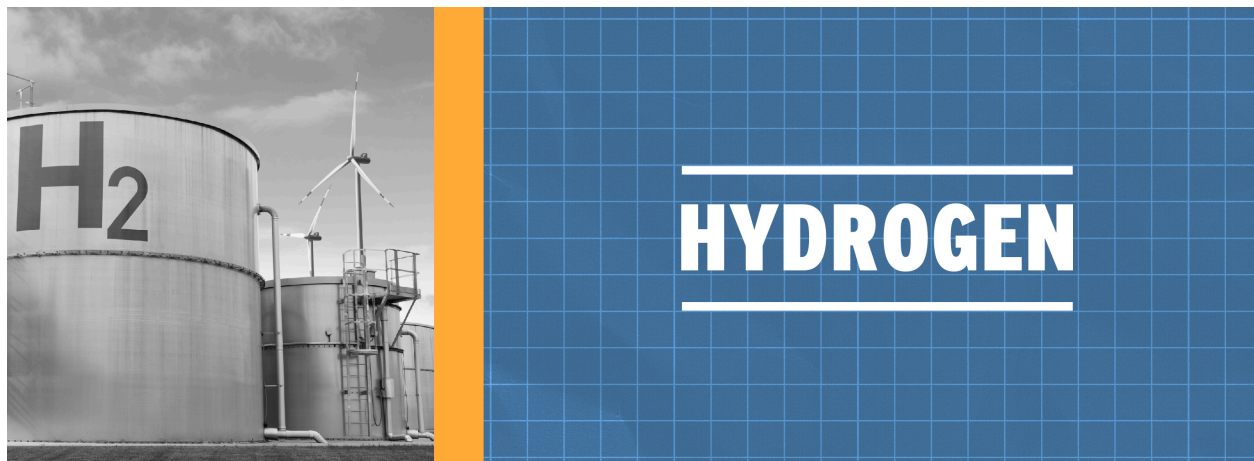
# CARBON MANAGEMENT

Senate confirmation hearings are underway for nominees to serve in the next Trump administration, among them a hearing for Governor Doug Burgum, Donald Trump's pick for Secretary of Interior and the newly minted "energy czar." Burgum has been a strong supporter of carbon capture technology, even announcing an ambitious goal while Governor to leverage the technology to make North Dakota carbon neutral by 2030.

**Why It Matters:** As Burgum has stated, his support for carbon capture is not about climate activism—it's about *markets*. This perspective is critical. Fossil fuels *will* remain a core part of the global energy mix for the foreseeable future. A rapid phase-out is neither economically feasible nor, frankly, politically tenable. While critics often argue that carbon capture technologies delay the clean energy transition, Burgum's approach aligns with the market realities. Tools like direct air capture and sequestration allow us to maintain economic stability while making measurable progress on reducing emissions.

**What's Next:** Burgum's nomination, alongside Secretary of Energy nominee Chris Wright, brings pragmatic former business leaders who support important clean energy technologies to the table. While neither could be described as a climate champion, their support for carbon capture, geothermal, and nuclear reflects an important understanding of what is needed to commercialize clean energy technologies. We have long advocated for framing clean energy solutions as economic opportunities, and we'll continue to emphasize this narrative, in the hopes of building broader bipartisan consensus on key clean energy technologies.





Clean hydrogen can help cut emissions from some of our hardest-to-abate sectors, including heavy industry, transportation, and power generation. But the technology needs to be made more affordable and more widely accessible to maximize its impact. Earlier this month, the Treasury Department issued final guidance for Section 45V of the Inflation Reduction Act, setting the eligibility standards that will shape the future of clean hydrogen production and deployment in the US.

**Rule Recap:** The final rule takes a “three pillar” approach to hydrogen production. To qualify for the credit, producers must:

- 1) match their hourly hydrogen production with simultaneous clean energy generation by 2030,
- 2) source clean energy from their general region, and
- 3) use power from clean sources built within three years of the hydrogen plant’s operations.

In exchange, Treasury offers a tax credit of up to \$3 per kilogram of hydrogen produced. There are also a few exceptions to these criteria, including existing nuclear plants at risk of retirement and fossil fuel plants with carbon capture technology added within three years will be eligible.

**The Trump Factor:** The 45V guidance is already in effect and retroactive to projects starting in January 2024. But the incoming Trump Administration and Republican-held Congress could rewrite both the rule and the underlying tax code. If hydrogen comes under scrutiny, rewriting the rule would take at least a year—*likely longer*—leaving the US hydrogen industry in limbo.

**What We’re Doing:** Our team played a pivotal role in shaping the Treasury Department’s guidance, coordinating across industry, advocacy, and labor groups to ensure existing nuclear plants had more avenues to qualify as a power source for hydrogen production. Looking ahead, we expect to see all of the announced hydrogen hubs in development by 2030. Our team is actively working to facilitate constructive engagement between developers and the communities where hubs will be

located. At the same time, we'll keep pushing for broader support for this pragmatic clean energy solution.



- Jennifer Granholm, in *The New York Times*, argues that Biden-era investments have revitalized American manufacturing and outlines how Trump's intention to dismantle these incentives will stall progress and cede the clean energy market to China.
- Matt Yglesias, in *Slow Boring*, argues that under a full-employment economy, climate action must shift towards cost-effective policies that boost *both* environmental and economic benefits.
- Rob Meyer and Jessie Jenkins, on *Shift Key*, discuss hydrogen, its potential to decarbonize industrial processes, and what the future of this fuel may look like under a Trump Administration.