CALIFORNIA Efficiency + Demand Management COUNCIL

FEDERAL LEGISLATION WORKING GROUP MEETING
10/12/22

Agenda

1. Administration Activities
2. Legislative Updates:
3. Other Updates
4. Other Resources

Notes

1. Administration Activities

On October 7, the Labor Dept. reported the market added 263,000 jobs over the month of September. Though this is a reduction in job growth, the unemployment rate continued to drop (from 3.7 to 3.5% over one month). The continued (albeit cooled) job growth rates signal ongoing challenges to addressing inflation and likely continued aggressive responses by the Federal Reserve.

- The Consumer Price Index is scheduled to be released October 13.

On October 6, the Treasury Dept. (specifically IRS) announced they are seeking public input on various tax incentives established under the IRA. The IRS is "...asking for comments on different aspects of extensions and enhancements of energy tax benefits in the Inflation Reduction Act." The IRS is seeking stakeholder comments on several issues, including "incentive provisions for improving the energy efficiency of residential and commercial buildings."

- The incentives would be addressed through tax code updates.
- Response requested by November 4, 2022.
- It is likely the case that these tax-related pieces will be defined and available at the beginning of 2023.

On October 6, the DOE requested information to help determine if revisions to metal-halide lamp fixture EE standards are needed. Last year, the DOE had determined that stricter EE standards were not justified from an economic standpoint.

- Responses requested by November 7, 2022.

On September 27, the Dept. of Transportation approved EV charging deployment plans for all 50 states +. The wave of approvals brings $1.5 Billion in National Electric Vehicle Infrastructure (NEVI) Formula Program grant opportunities in FY 22 and 23. The funding stems from $5 Billion in EV charging funding from the Infrastructure Investment and Jobs Act (IIJA).

Also on September 27, the DOE announced up to $400 Million in funding opportunities regarding basic research towards clean energy, economic, and security goals outlined by the DOE. The funding opportunity announcement (FOA) is informally referred to as the "Open Call".

On September 24, the EPA opened an environmental-justice office to facilitate the distribution of $3 Billion in block grants as established by the IRA.

On September 21, the DOE announced the launch of the Industrial Heat Shot (part of the DOE Energy Earthshots Initiative) to reduce the cost, energy use, and emissions associated with heat in industrial processes. The Initiative is targeting developing cost-competitive solutions for industrial heat needs with at least 85% fewer GHG emissions by the year 2035. The Initiative has three key pathways:

- Electrify heating operations: Electrify equipment, use clean electricity, and improve energy efficiency through technologies such as resistive heating, heat pumps, and microwave systems.
- Integrate low-emissions heat sources: Transition to low-emission heat sources, such as geothermal energy, concentrated solar power, or nuclear energy, and increase thermal storage.
- Innovate low- or no-heat process technologies: Develop new chemistry and emerging biotechnology processes to reduce heat demand such as bio-based manufacturing, electrolysis, ultraviolet curing, and advanced separations.

Solicitations will be issued by the DOE in the coming months on how to execute the Industrial Heat Shot. You can find more information here and here.

RECAP: On September 12, the Biden Administration, through executive order, established the White House Office on Clean Energy Innovation and Implementation to oversee the efforts to be carried out in the IRA's energy and climate provisions.

2. Legislative Updates

On September 30, the House passed and sent to Pres. Biden a short-term Continuing Resolution (CR) to keep federal agencies funded and operating through December 16. Included in the CR, is an additional $1 Billion for the Low-Income Home Energy Assistance Program (LIHEAP). For reference, for FY 22, Congress appropriated $3.8 Billion for LIHEAP.

- *Note: Senator Manchin's permitting reform proposal was stripped from the CR after receiving bipartisan ire. This proposal would have authorized FERC to approved construction of transmission lines that the Secty. of Energy finds to be in national interest as well as designating FERC as the lead agency for environmental reviews, except for those requiring Interior Dept. approval.*

On September 21, the Senate voted to ratify the Kigali Amendment to the Kyoto Protocol. This is the first international climate treaty the Senate has approved in 30 years. The Kigali Amendment aims to phase out high global warming potential industrial refrigerant chemicals.

3. Other Updates

How does a Supreme Court Case re: housing pigs (National Pork Producers Council v. Ross) have anything to do with energy? The key argument by the pork industry is current requirements re: pig housing violates the dormant commerce clause, barring state laws hindering interstate commerce. Are you still asking what this has to do with energy? Well…

Challenges related to the dormant commerce clause have been used across various energy-related cases. The most direct relevance to the current energy arena is state's rights and abilities to establish/set renewable portfolio standards (RPSs) and other similar requirements/policies. A Supreme Court ruling in favor of the pork producers could broaden the definition of out-of-state conduct. In other words it would broaden what may be deemed or considered to be a potentially acceptable challenge to interstate commerce. Oral arguments kicked off 10/11.

As reported by Axios, there are several significant data trends pointing towards consumers who transition to EVs are likely to continue purchasing EVs:

- "Roughly two-thirds (65.3%) of EV-owning households that bought a new car in 2022 got another electric.
- That's up sharply from the second quarter of 2021, when about 48% of EV-owning households in the market for a new car bought another EV."

EESG's monthly regional group call for October was held on September 10, many of its updates have been incorporated into the updates above. What hasn't been incorporated into the updates above:

- On October 11, the DOE announced a Notice of Availability of an RFI on the DPA: "...which will inform how the DPA authority provided to DOE through Presidential Determinations could best be used as a tool to accelerate manufacturing and deployment of clean energy technologies to bolster national defense, tackle climate change and environmental justice, and improve employment opportunities and broader economic prosperity for Americans."
    - Generally, the RFI doesn't address heating technologies, but it does include insulation.
    - The group is unaware of an eagerness to submit comments on this issue.

Elections: There is a lot of back and forth and uncertainty in how the midterms will shake out. Through that lens the group is generally trying to remain ahead of the curve and not show up at Congressmembers' doors because of election results. Rather to continue good-faith efforts to build legitimate relationships.

Next week, the Council and a group of REEO/sister-trade associations from across the US will meet to discuss potential opportunities for collaboration and coordination on IRA and IIJA matters. Clark requested any feedback, initial thoughts, or questions to carry into that meeting. TRC and the Council will coordinate on potential comments, questions, and topics.

The Council continues to urge any interested Members to connect with Clark (CMclsaac@CEDMC.org or (408) 239-7172) about your/your organization's interest in potential comments, questions, and topics for the Council to carry into next week's meeting.

A question was asked about a collection of resources/information re: the IRA. In particular, the question was about line item budget figures. The Council and its Members, as well as participants at next week's meeting, will look towards collecting important and relevant resources to share with Council Members.

4. Other Resources

Links/resources:

- DOE RFI on Grid Resilience and Innovation Partnerships Program (RFI) (Draft FOA) – Due 10/14
- HUD RFI on Green and Resilient Retrofit Program (GRRP) – Due 10/27
- GSA RFI on Low-embodied Carbon Construction Materials – Due 11/3
- DOE RFI on Defense Production Act for Clean Energy Tech – Due 11/30 (doesn't include heat pumps)

IRA Tax Provision Notices (Treasury PR, Fact Sheet, IRS PR) – Due 11/4

- Notice 2022-46 – Credits for clean vehicles.
- Notice 2022-47 – Energy security tax credits for manufacturing.
- Notice 2022-48 – Incentive provisions for improving the energy efficiency of residential and commercial buildings.
- Notice 2022-49 – Certain energy generation incentives.
- Notice 2022-50 – Elective payment of applicable credits and transfer of certain credits.
- Notice 2022-51 – Prevailing wage, apprenticeship, domestic content, and energy communities requirements

IRA Implementation Breakdown

Program	**Section**
Overarching Principles	H.R.5376
Tax Incentives (25C, 179D, 45L)	13301; 13303; 13304
Rural Energy for America Program	22002

Energy Efficiency and Resiliency in HUD-Assisted Housing	30002
HOPE for HOMES, etc.	50121; 50122; 50123
Energy Codes	50131
Advanced Industrial Facilities Deployment	50161
GHG Reduction Fund & Climate Pollution Reduction Grants	60103 60114
Environmental Justice Block Grants	60201
Federal Buildings and GSA	60502; 60503; 60504
FEMA Building Materials (BRIC)	70006

Next Meeting

Our next Federal Policy WG meeting will be on Wednesday November 9 at **8:15 am**. Call-in coordinates are below.

Zoom link
Call-in: +13126266799,,83592457581#
Passcode: cedmc2022