

Energy & Sustainability Washington Updates — July 2020

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VIEWPOINT TOPICS

- Energy & Sustainability

SERVICE AREAS

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ML Strategies and Mintz continue to engage with key decision makers on various energy and sustainability matters before the Congress and Administration. Federal efforts on these issues have continued apace as part of and separately from the federal response to the coronavirus pandemic.

House Advances Infrastructure Package with Green Energy Provisions

The House of Representatives this month continued to advance the Moving Forward Act (H.R. 2) – the \$1.5 trillion infrastructure proposal led by House Democrats.

New programs created by H.R. 2 include:

- A program to provide funding for projects to improve resiliency, performance, or efficiency of the electricity grid. The bill authorizes \$700 billion each year for fiscal years 2021-2025.
- A program to provide rebates to eligible entities that replace inefficient transformers with qualified energy efficient transformers.
- A research program within the Department of Energy for energy storage systems, components, and materials. The bill authorizes \$175 million for the program each year for fiscal years 2021-2025.
- A Home Energy Savings Retrofit Rebate Program with rebates of either \$2,000 or \$4,000 depending on projected energy savings.
- A program for the closure and remediation of orphaned oil and gas wells on Federal, tribal, state, and private lands.
- A grant program at the Department of the Interior to help institutions of higher education and labor unions provide training opportunities for jobs in the offshore wind energy industry.

H.R. 2 will incorporate the “Growing Renewable Energy and Efficiency Now Act of 2020” or the GREEN Act, which was introduced by Rep. Mike Thompson (D-CA), chairman of the House Ways & Means Subcommittee on Select Revenue along with 47 cosponsors. Highlights of the GREEN Act include:

- The Production Tax Credit (PTC) for closed loop biomass, open loop biomass, landfill gas (municipal solid waste), trash (municipal solid waste), qualified hydropower, and marine and hydrokinetic renewable energy facilities is extended for facilities which begin construction by the end of 2025.
- The PTC for geothermal energy is revived and extended through the end of 2020.
- The Investment Tax Credit (ITC) for solar energy property is extended at 30%, through the end of 2025. The ITC then phases down to 26% in 2026, and 10% thereafter.
- The ITC for geothermal energy property is 30% through the end of 2025. It then phases down to 26% in 2026, 22% in 2027, and 10% thereafter.
- The ITC is expanded to include energy storage technology, waste energy recovery property, qualified biogas property, and linear generators. These technologies would be eligible for the 30% ITC through the end of 2025 and then phase down to 26% in 2026, and 22% in 2027.
- The bill exempts offshore wind facilities that elect into the ITC (rather than the PTC) from reductions in the credit from the onshore wind facility phase-out.
- The income and excise tax credits for biodiesel and biodiesel mixtures are extended at \$1.00 per gallon through 2022, phasing down to \$0.75 in 2023, \$0.50 in 2024, and \$0.33 in 2025. The credit then expires at the end of 2025.
- The qualified plug-in electric drive motor vehicle credit is expanded to apply a new transition period for vehicle sales of a manufacturer between 200,000 and 600,000 electric vehicles, under which the credit is reduced by \$500. The 2-wheeled and 3-wheeled plug-in electric vehicle credit is extended through

2025.

- The bill creates a new credit for buyers of used plug-in electric cars from date of enactment through 2025.
- A new manufacturer credit is established for the sale of zero-emission heavy vehicles starting after the date of enactment through the end of 2025.
- The alternative fuel vehicle refueling property credit is extended through 2025.
- The 48C qualified advanced energy property credit is revived, providing for an additional \$2.5 billion in credits for each year from 2021 through 2025.

The GREEN Act also includes a number of energy efficiency tax incentives for individuals:

- The 25C nonbusiness energy property credit is extended for property placed in service by the end of 2025.
- The 25D residential energy efficient property tax credit is extended at 30% for eligible expenditures through the end of 2025. The credit then phases down to 26% in 2026, 22% in 2027, and then expires at the end of 2027. Eligible property includes solar electric, solar water heating, fuel cell, small wind energy, and geothermal heat pumps.
- The 179D energy efficient commercial buildings deduction is extended through 2025.
- The 45L new energy efficient home credit is extended through 2025. The provision also expands the maximum credit from \$2,000 to \$2,500.

A fact sheet on the Moving Forward Act can be found [here](#).

[Click here for a section-by-section summary of the Moving Forward Act.](#)

[A summary of the GREEN Act can be found here.](#)

The House of Representatives is expected to approve the measure before breaking for July 4. The inclusion of the five-year Surface Transportation Reauthorization in H.R. 2 is thought to significantly increase the chances of final passage as the current Surface Transportation bill – the FAST Act – expires on September 30. With that said, the outlook for the bill in the Republican-led Senate is to be determined, particularly given the increasingly limited number of in-session legislative days as we approach the annual August recess and then campaign season leading up to the November elections.

Further complicating the outlook for final passage, the White House issued a Statement of Administration Policy indicating that if presented with the bill as written the President's advisors would advise that he veto the bill. [Read the statement here.](#)

Congressional Action Plan for a Clean Energy Economy

The House Select Committee on the Climate Crisis has issued their report on "Solving the Climate Crisis: The Congressional Action Plan for a Clean Energy Economy and a Healthy, Resilient, and Just America". According to the select committee, the report "provides a roadmap for Congress to build a prosperous, clean energy economy that values workers, advances environmental justice, and is prepared to meet the challenges of the climate crisis: by:

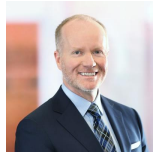
- Reaching 10% clean, net zero emissions economy-wide in the U.S. no later than 2050.
- Establishing ambitious climate targets to assess progress and reduce pollution in environmental justice (EJ) communities.
- Achieving net-negative emissions during the 2nd half of the century.

Topics covered by the report include Agriculture, Buildings, Carbon Capture, Climate Science, Disasters, Electricity, Environmental Justice, Financial Risk, Floods, Health, Industry Manufacturing, Innovation, International, Labor, National Security, Natural Systems, Oceans, Public Lands, Resilience, Transportation, and Wildfires. **[One-pagers on each of these topics can be accessed here.](#)**

[Read the full action plan here.](#)

[A summary of the action plan is available here](#) and [a fact sheet can be found here.](#)

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