



Direction on Decarbonization in Federal Policy

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Presentation to

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The American Council for an Energy-Efficient Economy is a nonprofit 501(c)(3) founded in 1980. We act as a catalyst to advance energy efficiency policies, programs, technologies, investments, & behaviors.

Our research explores economic impacts, financing options, behavior changes, program design, and utility planning, as well as US national, state, & local policy.

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Federal policy landscape

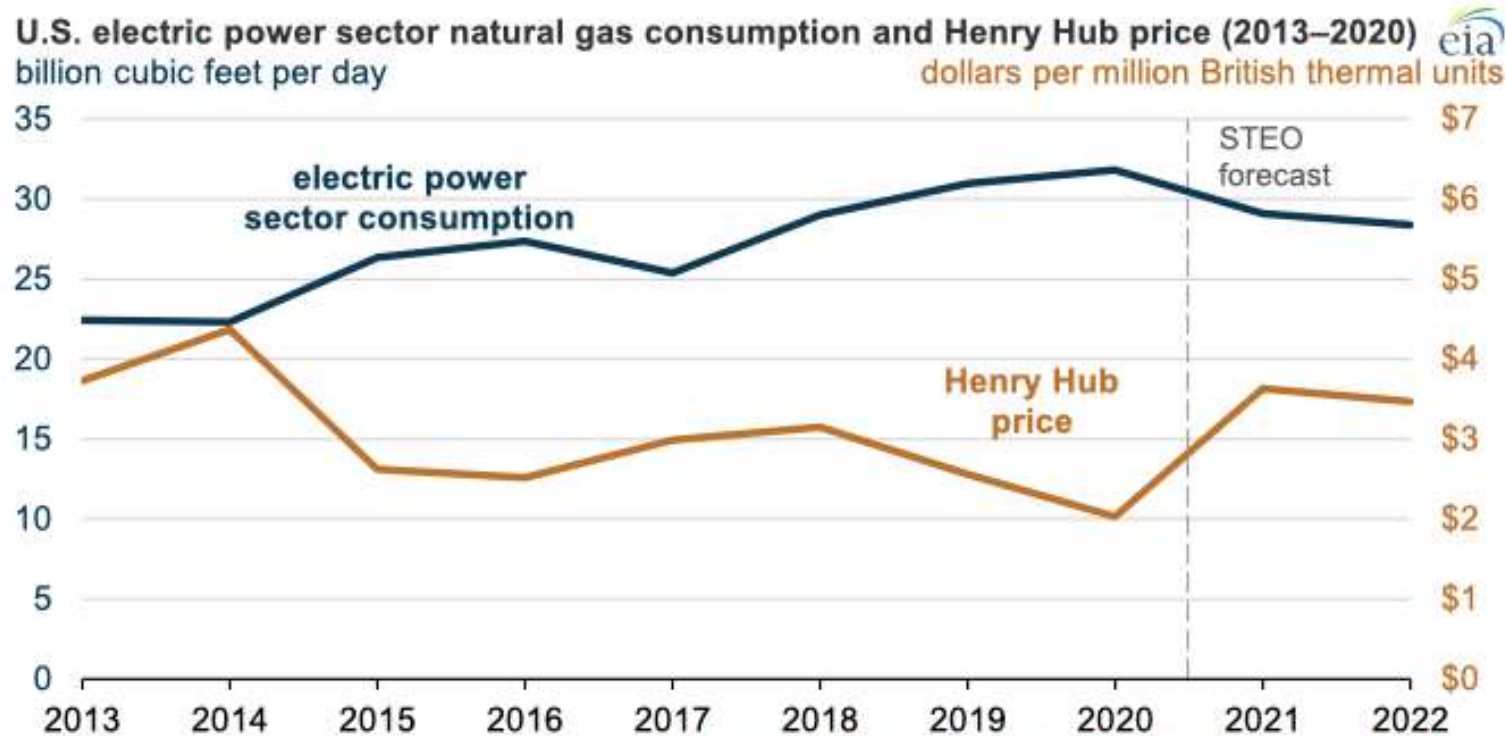
- Bipartisan infrastructure bill
- Fiscal Year 2022 appropriations (and beyond)
- New initiatives from agencies and White House
- Reconciliation resolution – partisan
- Bipartisan “China” bill

Likelihood of a Clean Energy Standard

- A true Clean Energy Standard is unlikely
- Administration proposing \$150B *Clean Electricity Payment Program (CEPP)* as part of the reconciliation package
 - Pays utilities for adding clean capacity and fines for missing targets—80% target by 2030
- Prospects for CEPP and reconciliation are uncertain at best
- May not matter—utilities shifting to renewables already
 - Cost and reliability are economic drivers
 - State regulators and financial community pushing shift to clean generation
 - Biden Administration committed expanding solar from 4% to 45% by 2030
 - Grid and fuel reliability concerns pushing distributed energy



Rising natural gas prices affecting utility sector



Source: U.S. Energy Information Administration, *U.S. natural gas consumption by end use, Natural gas spot and futures prices, Short-Term Energy Outlook (STEO)*

Increased focus on reliability, resilience & recovery

- Climate change effects are increasingly challenging energy systems
- “Accepted market truths” such as the reliability of natural gas being called into question by recent supply interruptions
- Vulnerability of electric transmission to weather & fires is becoming a risk
- Customers relying on distributed resources to assist in ride-through & recovery
- Investment & financial community are beginning to ask about reliability risk exposure



Source: Institute for New Economic Thinking

Opportunities for industrial decarbonization

- *Energy Act of 2020* provided new authorization and funding for industrial decarbonization including RD&D, CCUS, H₂ and implementation
- Multiple recent funding announcement from DOE/AMO enabled by FY21 and *Energy Act* – new *Industrial Decarbonization Institute*
- ~50% proposed increase in DOE/AMO budget for FY22
- Multiple provisions in bipartisan Infrastructure Bill including RD&D, demonstration, energy efficiency and deployment
- Additional technology, market & investment provisions under consideration for other legislative vehicles

Industrial investment proposals

- *First Three* – DOE to co-fund the first-three commercial-scale applications of transformative industrial technologies
- *Investment in strategic facilities* – DOE or Treasury grants or tax credit to support major carbon emissions & pollution reducing upgrades at energy intensive manufacturing facilities
- *Industrial Clusters* – DOE competitive grants to consortia working on decarbonization & supply chain challenges facing regional industrial clusters
- Grants for existing technologies – DOE provide grants for under utilized technologies to support efficiency, emissions reductions, and competitiveness
- Deployment incentives – DOE establishes a *Sustainable Industry Rebate Program* to assist with investments by industrial facilities in energy efficiency & greenhouse gas emissions reductions
- Energy management – DOE assists medium & large industrial firms with energy management & decarbonization.
- Grants or tax credits to deploy clean industrial technologies – aid companies in commercial applications of industrial emissions reduction technologies under the *Clean Industrial Technology Act*

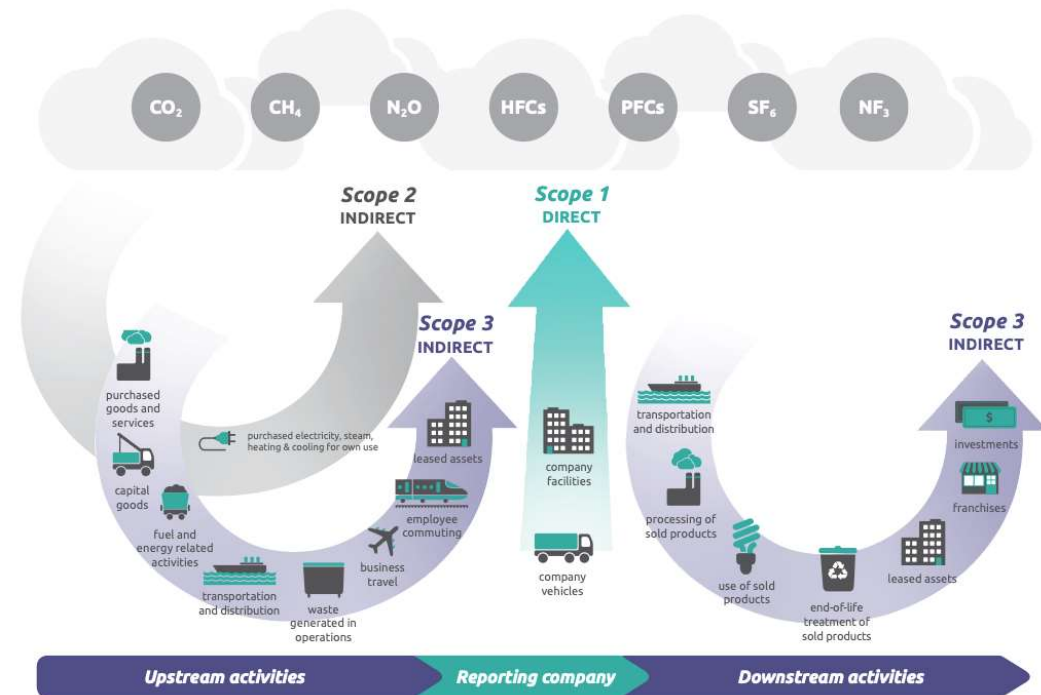
Tracking developments

A lot is going on so can be challenging to stay current on developments & opportunities. Here are some free ways to stay engaged:

- Energy News Network: <https://energynews.us/category/digest/national/>
- AMO News: <https://www.energy.gov/eere/amo/listings/amo-news>
- Be on the lookout for *AMO Industrial Decarbonization Roadmap*
- Follow ACEEE: <http://www2.aceee.org/I/310911/2017-08-25/24dj2>
- Join ACEEE's Industrial Decarbonization Convening: email aHoffmeister@aceee.org to sign up

Don't forget the supply chain

- Pressure from investment & government to reduce corporate carbon footprint
- Increased focus on carbon embodied in products
- Much of contributions are from the supply chains
- Data and accounting emerging as a challenge—need to be “good enough”



Source: [WRI/WBCSD 2013](http://www.wri.org/publications/2013/01/new-standards-for-carbon-accounting)

2021/2022 Upcoming Conferences

National Conference on Energy Efficiency as a Resource	October 19-21 & 26-27, 2021	Virtual
Behavior, Energy, and Climate Change	November 8-10, 2021	Virtual
Hot Water Forum	March 21-23, 2022	Atlanta, GA
Energy Efficiency Finance Forum	May 23-25, 2022	White Plains, NY
Summer Study on Energy Efficiency in Buildings	August 20-26, 2022	Pacific Grove, CA
Behavior, Energy, and Climate Change	November 13-16, 2022	Washington, DC





Questions

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