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Where Energy, Environment, and Climate Meet

What Does It All Mean for Manufacturers?

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®

Biden Administration's Energy Policy

- Aggressive methane pollution limits for oil and gas operations
- Rigorous new fuel economy standards (zero emissions)
- Ban new oil and gas leases on public lands and waters
- Legislation to achieve economy-wide net-zero emissions by 2050
- \$400 billion over ten years in clean energy and innovation

Biden Administration's Energy Policy

- Establish research agency focused on accelerating climate technologies
- Accelerate deployment of clean tech throughout economy
- Reduce carbon footprint of building stock 50% by 2035
- Incentives to retrofit
- Require public companies to disclose climate-related risk and GHG emissions in operations and supply chains

Early Days of the Administration

- **Executive Order 13990 (Jan. 25, 2021)**
 - **Rejoin Paris Agreement**
 - **Revoke Keystone XL Pipeline permit**
 - **Temporary moratorium on oil and gas leases in ANWR**
 - **Withdrew from oil and gas leases in Arctic waters and Bering Sea**

Early Days of the Administration

- **DOI Secretarial Order No. 3395, Temporary Suspension of Delegated Authority (Jan. 20, 2021)**
 - Temporarily suspended issuance of onshore and offshore fossil fuel leases, permits or other federal approvals for 60 days.
- **Executive Order 14008 (Feb. 1, 2021)**
 - Moratorium on DOI's ability to issue new oil and gas leases on public lands or in offshore waters pending comprehensive review to consider climate impacts.
 - Directive to federal agencies to find ways to eliminate fossil fuel subsidies they provide.
 - DOI to review renewable permitting and siting processes.

Infrastructure Investment and Jobs Act

- November 15, 2021
- \$1.2 trillion
- Funding to improve public works, including roads, bridges, highways, internet access and the power grid.
- Funding to mitigate effects of climate change.

Jobs Act Allotments

- Roads and bridges - \$110B
- Public transit - \$39B
- US passenger rail system - \$66B
- Broadband internet infrastructure - \$65B
- Electric grid - \$65B
- CCUS - \$12B
- Electric vehicles, buses, ferries - \$7.5B
- Clean drinking water - \$55B
- Airports - \$25B
- Road safety - \$11B
- Climate change mitigation - \$28.5B

Infrastructure Investment and Jobs Act

- Significant positive impacts
 - Expansion of broadband will accelerate ongoing technology revolution in manufacturing
 - More locations will become viable.
 - More talent development in rural areas.
 - Expansion of 5G will allow companies to use data in real time.

Inflation Reduction Act

- August 16, 2022
- \$369 billion in new spending intended to transform entire sectors of the American economy
- Control of Congress after Tuesday's election will influence how much money actually flows to key energy and climate programs and how quickly.

Inflation Reduction Act

- Extends Advanced Energy Project Credit (up to \$10B in credits for manufacturers of certain clean energy products)
- Advanced Manufacturing Production Tax Credit for the manufacture of clean energy products and technologies and their supply chains

Inflation Reduction Act

- Restores 30% federal Investment Tax Credit for renewable energy, expanding it to include energy storage and microgrid controllers
- Adds 10% “bonus” ITC for meeting certain qualifications
 - Use of domestically-produced steel, iron or manufactured products
 - Location on a brownfield site or in coal, oil or natural gas areas
 - Location in an area with higher-than-average unemployment
 - Small projects serving low-income residences or tribal lands

Inflation Reduction Act

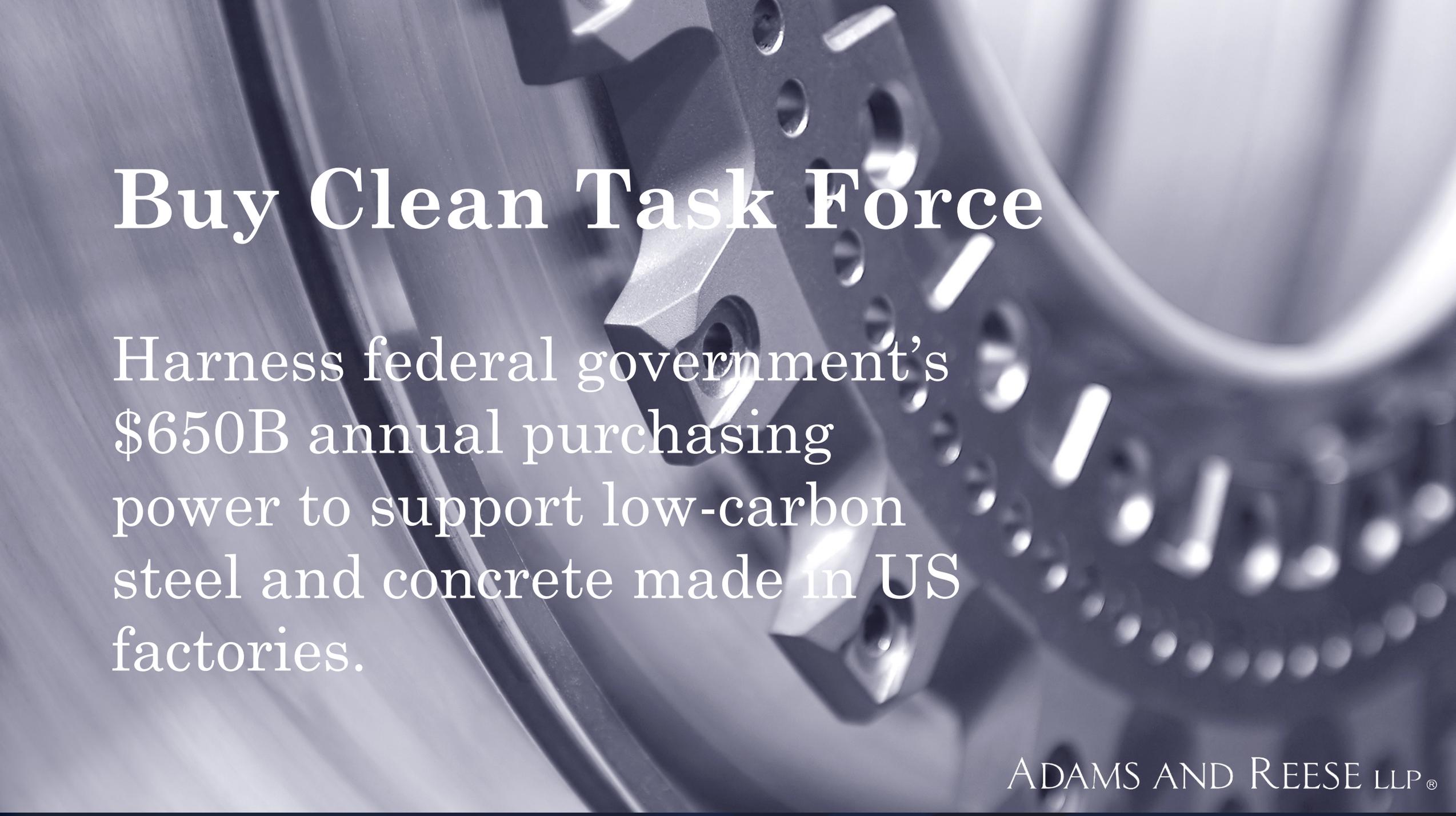
- Expands the 1.5 cents/kWh Production Tax Credit for renewable energy
- Resurrects the PTC for solar energy
- Requires sale of new oil and gas leases, including in the Gulf of Mexico and on federal lands
- Lawmakers agreed to work on separate legislation intended to speed up the approval process for energy projects, including fossil-fuel projects.

Authorized Use of Defense Production Act

- June 6, 2022
- Accelerate domestic production of clean energy technologies, including solar panel parts.
- Directed development of master supply agreements for US-made solar systems
- Established “super preferences” to apply domestic content standards for federal procurement of solar systems.

Defense Production Act

- DOE to rapidly expand American manufacturing of five critical energy technologies:
 - Solar panel parts (photovoltaic modules and module components)
 - Building insulation
 - Heat pumps
 - Equipment for making and using clean electricity-generated fuels
 - Critical power grid infrastructure like transformers

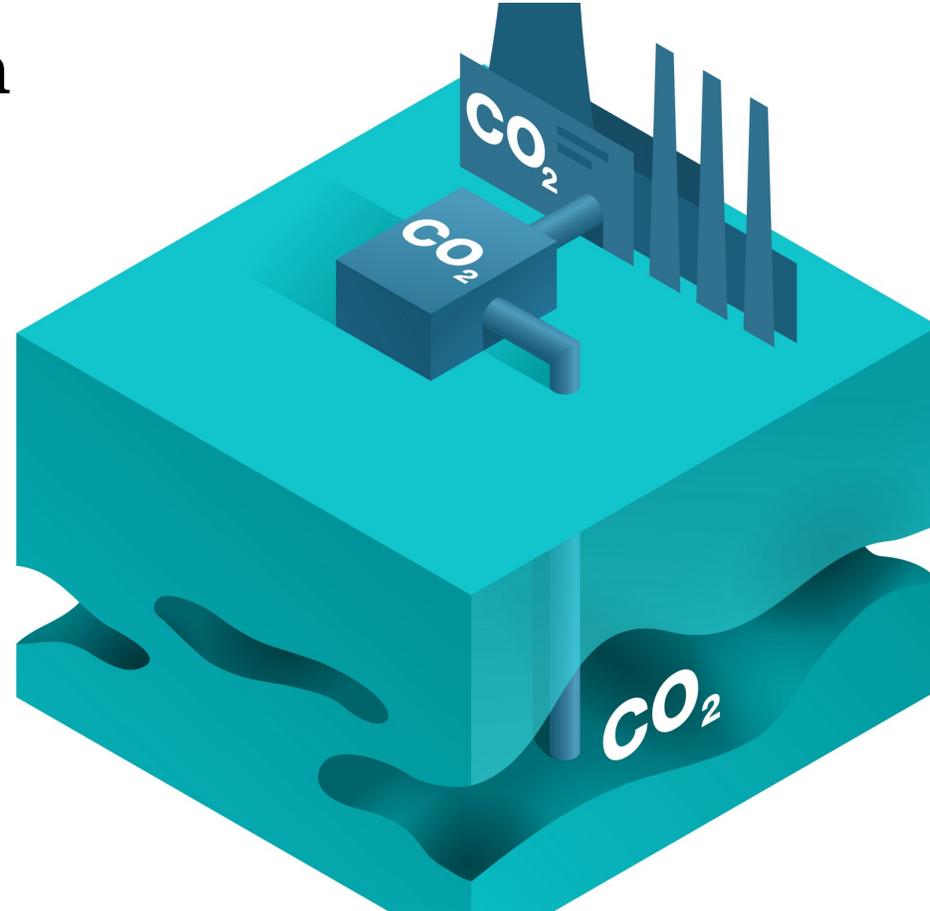
A close-up, monochromatic photograph of industrial machinery. The image shows a large gear with many teeth, partially obscured by a metal component with several circular holes. The lighting creates strong highlights and shadows, emphasizing the metallic textures and complex geometry of the parts.

Buy Clean Task Force

Harness federal government's \$650B annual purchasing power to support low-carbon steel and concrete made in US factories.

Carbon Capture, Utilization and Sequestration

- Council on Environmental Quality issued guidance on responsible deployment of CCUS technologies to reduce emissions from heavy industry.
- EPA developing proposed rule revisions to add reporting requirements to the Greenhouse Gas Reporting Program for direct air capture and carbon storage.
- DOE committed \$5 million for university training/research projects for engineers and scientists in carbon management roles (\$2M for HBCUs).



Wind Energy Areas in Gulf of Mexico

- **October 31, 2022**
- **Bureau of Ocean Energy Management announced first two Wind Energy Areas in Gulf of Mexico**
- **Expect Proposed Sale Notice for these by late 2022 or early 2023.**

Benefits

- Goods will move more efficiently and cheaply
- Increase in talent mobility
- Improved competitiveness of US supply chain
- Incentivize clean energy
- Support overall energy transition

Benefits

- Incentivize production of carbon-free products
- Competitive advantage to US-made products
- Tax credits

Challenges

- New safety regulations
- New fuel efficiency regulations
- New emissions regulations
- Increased cost of fossil fuels
- Fast-changing environment

Opportunities For Manufacturers

- Metal, lumber and aggregate materials with investments in freight transportation
- Heavy transport parts for buses, trains and related equipment
- Broadband 5G infrastructure space
- Water delivery system parts

Opportunities For Manufacturers

- EV manufacturers, their suppliers and networks
- Semiconductor manufacturers
- Carbon sequestration opportunities for landowners and industry
- Wind energy

Opportunities For Manufacturers

Advanced Energy Project Credit
+ Advanced Manufacturing
Production Tax Credit

Significant savings for

- (1) New firms set to begin construction
- (2) Existing firms who wants to expand or pivot towards new products
- (3) Existing manufacturers who comply with the program's requirements



Questions?

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