NASEO WASHINGTON, D.C. UPDATE ON CONGRESS AND THE ADMINISTRATION
THURSDAY, AUGUST 18, 2022 (2:30 – 3:30 P.M.)(ET)
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1) BUDGET/APPROPRIATIONS – As we discussed during our last monthly call on 7/28/22, we are headed for a Continuing Resolution (CR), at least for the start of the new federal fiscal year on 10/1/22. While the House of Representatives has moved many of the 12 of annual appropriations bills, the Senate has not acted. Just before the August recess the Chairman of the Senate Appropriations Committee released the Democrats versions of the 12 annual appropriations bills. Congress does not return until September, and they are scheduled to only have 11 legislative days before they break for the mid-term elections.

2) ENERGY TAXES -- There is big news on this front, which I will address in the next section on the “Inflation Reduction Act” (IRA). Essentially, most of the key energy tax provisions have been extended, expanded and modified for 10 years.

3) BUDGET RECONCILIATION/“INFLATION REDUCTION ACT” (IRA).

A) To the surprise of many, including me, Senator Manchin (D-WV) and Senator Schumer (D-NY – Senate Majority Leader) came to agreement on the reconciliation bill (HR 5376) and moved it through the Senate before the August recess. Some changes on the tax side were made (plus the addition of $4 billion in drought relief for the western states) to accommodate Senator Sinema (D-AZ). The House, which had already started their August recess, was called back into session (including continued proxy voting to accommodate Covid), and they passed that legislation on 8/12/22. You may recall that the original “Build Back Better” legislation had started at a $3.5 trillion level from the Administration. When it passed the House late last year it had been whittled down to under $2 trillion. The final legislation is the largest climate/energy bill that Congress has ever produced in terms of spending. As a comparison, the American Recovery and Reinvestment Act (ARRA) in 2009 had energy provisions (tax and non-tax) that totaled approximately $90 billion. In addition, this legislation is on top of the spending and policy changes contained in the Infrastructure Investment and Jobs Act of 2021 (PL 117-58), which added approximately $550 billion in ew spending for all manner of infrastructure programs.

B) We described many of these programs in two calls with the state energy offices and NASEO members on Tuesday, 8/16/22. The following section is an update to the memorandum that was prepared by the drafter of this note (Jeff Genzer, NASEO Counsel) and distributed on 8/16/22.

The Inflation Reduction Act (HR 5376) was signed by the President on 8/16/22. The legislation includes approximately $369 billion in projected spending for energy and climate matters and $739 billion in overall spending. The climate provisions of the legislation are
projected to reduce greenhouse gas emissions by 40% from 2005 levels by 2030. On the tax side, most of the tax benefits are for 10 years where previously these benefits where included in short one or two year tax extenders packages. For the state energy offices there are a number of critical provisions, including, but not limited to, direct funding through the energy offices of approximately $8.8 billion for two key programs: 1) Home Energy Performance-Based Whole-House Rebates (HOMES)($4.3 billion) (Section 50121); and 2) High-Efficiency Electric Home Rebate Program ($4.275 billion)(Section 50122). An additional element of the HOMES program is state energy office-administered contractor training for $200 million. NASEO started working on the HOMES program as part of the “Home Star” effort that failed to pass through the American Recovery and Reinvestment Act (ARRA) in 2009. However, the outlines remain the same. In both the HOMES program and the Rebate program the funding will run through the state energy offices through the SEP formula. We worked closely with Capitol Hill to ensure that result.

This week NASEO established a task force in support of state actions to implement these two programs led by California, Florida, Minnesota and New York. All interested state energy offices (DC and territories, of course as well) are encouraged to participate. Advisory members of the task force will be sought from the private and public sectors.

There is also $ 1 billion for building energy codes programs through Section 50131, specifically for states and units of local government. In addition, $7 billion is provided through EPA for “states, municipalities, tribal governments and eligible recipients” for grants, loans, financial assistance and technical assistance for zero-emission technology programs (Section 60103). Two other elements of the EPA funding are for “green-bank-like” activities; $11.97 billion and $8 billion targeted to low-income and disadvantaged communities (Section 60103).

There are many significant provisions of this statute. I will attempt to describe these features below. The state energy offices will have a lot of work to do on implementing these programs.

(i) Home Energy Performance-Based, Whole-House Rebates

Section 50121 sets forth the requirements for this new residential energy efficiency program. The funds run through the state energy offices (Section 50111, Definitions (4)) through the State Energy Program (SEP)(Section 50111, Definitions (5)). “States” includes the states, DC and the insular areas Section (50111, Definitions (3)).

$4.3 billion is appropriated to state energy offices to implement the HOMES rebate program through 9/30/31 (Section 50121(a)(1)), and the fund allocation as between states is in accordance with the SEP allocation formula that was in effect on 1/1/22 (Section 50121(a)(2)). We worked with Capitol Hill supporters to ensure that the funds would be distributed via formula, in the hopes that it would speed the distribution process. There is a two-year limit for the state energy office to start the program, assuming approval of the application to DOE (Section 50121(a)(2)(ii) and (a)(2)(B)), and if it is not started then the funds will be redistributed to states that are operating programs. One of the key pieces of the puzzle will be to work to develop guidelines and
speed the DOE process along so that there is not a repeat of the delays we have experienced under the IIJA for the $500 million in SEP funds. In addition, DOE’s share of the funds for administrative expenses and technical assistance is capped at 3% (Section 50121(a)(3)).

The funds are being provided to operate both a “modeled performance program” and a “measured performance home rebate” (Section 50121(b)). The HOMES rebate goes to homeowners and aggregators for whole-house energy savings, which must be completed by 9/30/31 (Section 50121(c)). The amount of the rebates is specified in the statute. For single-family homes that achieves a “modeled” energy system savings of at least 20%, it is the lesser of $2,000 or 50% of the project cost (Section 50121(c)(2)(A)(i)). If savings on a “modeled” basis achieves at least 35%, then $4,000 can be rebated or 50% of the project cost, whichever is less (Section 50121(c)(2)(A)(iii)). If the savings are “measured” and apply to a home or a group of homes, with at least 15% savings, it will receive $2,000 or 50% of the project cost (Section 50121(c)(2)(A)(iii)). In the case of multifamily buildings, the owners and aggregators can receive $2,000/dwelling unit for “modeled” savings of 20%, up to 35%, with a cap of $200,000 for the entire building. For savings of at least 35%, the amounts double to $4,000/dwelling unit with a cap of $400,000/building (Section 50121(c)(2)(B)). For measured savings in a multifamily building, it remains $2,000 for a 20% reduction of energy use, or 50% of the project cost (Section 50121(c)(2)(B)). The amounts are higher in both single-family and multifamily buildings where they are occupied by low- or moderate-income individuals (See Section 50121(c)(2)(C)). In addition, state energy offices want to provide a higher rebate amount for low- and moderate-income individuals, that state can petition the Secretary of Energy (Section 50121(c)(3)). In addition, state energy offices can utilize up to 20% of the funds for planning, administration and technical assistance (Section 50121(c)(4)). “Low and Moderate Income “individuals and families are those earning less than 80% of the area median income, as reported by HUD and can be eligible based upon eligibility for other federal programs (Section 50121(d)(3)). The Secretary is also required to issue guidelines associated with data sharing (Section 50121(c)(5)). The obvious impediment here is getting DOE to prepare the guidelines in an expeditious manner. This program is open to any kind of fuel source for a home.

(ii) High-Efficiency Electric Home Rebate Program

Section 50122 is the statutory provision governing this program, which is targeted to electricity programs and low or moderate-income households (total income less than 150% of the area median income) (Section 50122(d)). $4.275 billion is for states to distribute and $225 million is for tribal distribution (Section 50122(a)(1)(A) and (B)) and is distributed to the state energy offices in accordance with the SEP formula as of 1/1/22 (Section 50122(a)(2)(A)) and requires an application to the Secretary to be approved (Section 50122(a)(2)(A)(ii)). As in the HOMES program, the states have two years to get their programs up and running or funds will be distributed to states that do have a program. DOE is capped at 3% for administrative costs and technical assistance (Section 50122(a)(3)). For the Rebate program, the state must have a plan to verify
income eligibility, allow rebates at the point of sale (like the ARRA-era appliance rebate program) and a method to ensure that the individuals do not double-dip in other federal programs (Section 50122(b)). As in the HOMES program, the Secretary will need to issue guidelines. There are specific rebates amounts for appliances, non-appliance upgrades, and a cap on rebates of $14,000 ($1,750 – heat pump water heater; $8,000 – heat pump; $840 – electric stove, cooktop, range or oven, heat pump clothes dryer; $4,000 electric load service center upgrade; $1,600 for insulation, air sealing and ventilation; and $2,500 for electric wiring – Section 50122(c)(3)). The limits are also set at 50% of the cost of the project for households with incomes of 80-150% of area median income, and 100% of the project costs for those earning less than 80% of the area median income. Projects can be implemented in multifamily buildings at similar levels (Section 50122(c)(4)(B)). In addition, $500 shall be provided to “a governmental, commercial, or nonprofit entity, as determined by the Secretary” to carry out the project, where the individual is not implementing the project (Section 50122(c)(A) and (d)(1)(C)). The appliances must also meet the ENERGY STAR standards (Section 50122(d)(6)(B)). This last provision should provide a method for the state energy office to coordinate with the Weatherization program at DOE and with programs developed under the transfers from the LIHEAP programs at HHS for weatherization activities (approximately 11% on average over the years).

There is a great opportunity for the state energy offices to coordinate these two programs with Weatherization and LIHEAP offices, where they are not housed within the state energy office.

(iii) Building Energy Codes

Section 50131 provides $1 billion for support of the updated building energy codes. $330 million of this amount is directed to states and local governments to support adoption of codes that meet or exceed the 2021 IECC for residential buildings and ANSI/ASHRAE/IES Standards 90.1-2019 for commercial buildings, and to support a plan to achieve compliance, and include training, enforcement and measurement. $670 million of this amount is provided for grants to state and local governments to support efforts to achieve the zero energy provisions of the 2021 IECC and a plan to promote full compliance. There is no state match requirement and DOE can retain 5% of the amount for administrative costs.

(iv) EPA Greenhouse Gas Reduction Fund

Section 60103 (adding a new Section 134 to the Clean Air Act) in (a)(1) provides $7 billion to EPA “to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to States, municipalities, Tribal governments, and eligible recipients for the purposes of providing grants, loans, or other forms of financial assistance, as well as technical assistance, to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and to carry out other greenhouse gas emissions reduction activities, as determined appropriate by the
As I read this section, in addition to the “green bank-like” activities described below, these funds could be used on a competitive basis by states, which could include energy offices. “Eligible Recipients” is defined as a nonprofit organization that provides leverage capital, is funded by public or charitable contributions and does not take deposits (Section 134(c)). “Eligible Recipients” would also receive $11.97 billion to provide financial assistance generally and $8 billion of targeted financial assistance for low-income and disadvantaged communities Section 134(a)(2) and (3). EPA is given $30 million to administer the program. These activities support greenhouse gas reducing projects and projects to reduce other air pollutants and promote zero-emission technology. States with green banks and other financing programs should be very interested in the $27 billion provided to EPA. The White House fact sheet on the IRA describes this effort as follows: “Creating a new Clean Energy and Sustainability Accelerator that will seed state and local clean energy financing banks, which will help disadvantaged communities access the benefits of the law.”

(v) **DOE Loan and Grant Programs**

The DOE Loan Program Office receives additional “commitment authority” of $40 billion through 9/30/26 (Section 50141(a). The advanced vehicle manufacturing loan guarantee authority is expanded by $3 billion (Section 50142). $2 billion is also provided for domestic manufacturing conversion grants for “efficient hybrid, plug-in electric hybrid, plug-in electric drive, and hydrogen fuel cell electric vehicles” with a 50% cost share (Section 50143). $5 billion is also provided for energy infrastructure reinvestment financing (Section 50144).

(vi) **Defense Production Act**

$500 million is allocated to the Administration pursuant to the Defense Production Act to support manufacturing of heat pumps and critical minerals processing (Section 30001).

(vii) **Electric Transmission**

Section 50151 provides an additional $2 billion for the costs of direct loans to non-federal borrowers for “national interest” electric transmission facilities, capped at 80% of the project cost. Section 50152 provides $760 million in grants to facilitate the siting of interstate electric transmission lines. The grants are directed to “siting authorities.” The definition of “siting authority” could cover at least some state energy offices: “a State, local, or Tribal governmental entity with authority to make a final determination regarding the siting, permitting, or regulatory status of a covered transmission project that is proposed to be in an area under the jurisdiction of the entity.” Section 50152(e)(2). In addition, the Secretary is provided discretion to provide grants for “economic development activities,” not only to siting authorities but to “other State, local or Tribal entities” (Section 50152(b)(2). Again, state energy offices should generally be eligible under this definition. Finally, $100 million is provided for interregional and offshore wind, electricity transmission planning, modeling and analysis (Section 50153).
(viii) Advanced Industrial Facilities Deployment Program

$5.8 billion is provided under Section 50161 to provide a 50% cost share for the development of a GHG emissions reduction program for industrial facilities, defined as domestic, non-Federal, nonpower industrial or manufacturing facility in energy intensive industries. This program will be operated by the new Office of Clean Energy Demonstrations.

(ix) Rural Programs

An additional $1 billion is provided through the Rural Utility Service for electric loans for renewable energy (Section 22001). The Rural Energy for America Program (REAP), that NASEO has long supported, will receive an additional $1 billion (Section 22002), plus $176 million for “underutilized renewable energy technologies”. Biofuel infrastructure would receive $500 million (Section 22003). USDA assistance of $9.7 billion will be provided through RUS for rural electric cooperatives to reduce emissions and purchase renewable energy, zero-emission systems and make energy efficiency improvements through loans and grants (Section 22004). The federal portion is capped at 25% of the project cost with a maximum of $970 million to any single cooperative.

(x) HUD

HUD would receive $837 million to support direct loans and grants (with a principal not to exceed $4 billion) for energy and water efficiency, use of renewables, electrification, resilience and storage (Section 30002). $42 million would also be given to HUD for benchmarking (Section 30002(a)(4).

(xi) Coastal Communities

$2.6 billion is provided to NOAA to assist coastal states (and Tribes) to enhance habitat preservation and preparation for extreme storms (Section 40001).

(xii) Insular Affairs

NASEO members from the territories will be interested in the $15 million that is newly allocated for technical assistance for “climate change planning, mitigation, adaptation, and resilience (Section 50241).

(xiii) Offshore Wind

Section 50251 reverses the prior President’s memorandum limiting OCS leasing for wind and authorizes such lease sales off the states and territories.

(xiv) Leasing and Royalties

Section 50261 increases the oil and gas royalty rate on OCS lands from 12.5% to “not less than 16 2/3% (with a cap of 18 3/4 %. Onshore oil and gas leasing on federal lands increases from 12.5% to 16.5%, with minimum bids increasing from $2 to $10/acre (Section 50262). Section 50264 specifically requires the Secretary of Interior to conclude lease sales for three specified lease (Lease Sales 257-261).
(xv) Methane Emissions Reduction Program

Section 60113 adds Section 135 to the Clean Air Act and sets up a methane emissions and waste reduction incentive program for petroleum and natural gas systems with $1.55 billion for methane mitigation, monitoring and incentives for methane mitigation from conventional wells. EPA is directed to implement a charge on methane emissions under this section starting in 2024 at $900/ton ($1,200/ton in 2025 and $1,500/ton starting in 2026). The fees apply to oil and gas production, processing, storage, transmission and gathering facilities that emit more than 25,000 metric tons of CO2 annually.

(xvi) Climate Pollution Reduction Grants

Planning grants for greenhouse gas air pollution reduction ($250 million) and for implementation of those plans ($4.75 billion) is provided under Section 60114 (adding Section 137 to the Clean Air Act). Those grants will be distributed to at least one “Eligible Entity” in each state for planning (Section 137(b)), and the implementation grants will be awarded on a competitive basis to “Eligible Entities” defined as: “(A) a State; (B) an air pollution control agency; (C) a municipality; (D) an Indian tribe; and (E) a group of one or more entities listed in subparagraph (A) through (D)”(Section 137(d)(1)). As I read this, state energy offices would be eligible, and we urge you to work with your environmental agencies in developing the implementation plans.

(xvii) Environmental and Climate Justice Block Grants

Section 60201 (adding Section 138 to the Clean Air Act) would provide $2.8 billion through EPA for environmental and climate justice block grants for tribes, local governments, institutions of higher learning and community groups (Environmental Justice Block Grants). EPA would also receive $200 million for technical assistance. Again, this is probably an opportunity for the state energy offices to work with these groups.

(xviii) Transportation and Infrastructure

Section 60501 provides almost $1.9 billion through the Federal Highway Administration for competitive grants to improve neighborhood access and “equity grants.” Mitigation of heat islands is an eligible activity and States, local governments, territories and metropolitan planning organizations are eligible. An additional $1.26 billion is provided through FHWA for economically disadvantaged communities.

Section 60101 directs EPA to create a new clean heavy-duty vehicles program of $1 billion ($400 million of which is for non-attainment areas), including grants and rebates for zero-emission vehicles. Section 60102 directs EPA to create a program for air pollution reduction at ports, totaling $2.25 billion, plus $750 million for ports in non-attainment areas.
Federal Buildings

Section 60502 provides $250 million to the General Services Administration for high-performance green buildings. $2.15 billion is also provided to GSA to install low-carbon materials in federal buildings (Section 60503). GSA will also receive $975 million for use of emerging technologies.

US Postal Service

$1.29 billion is provided to the USPS to purchase zero-emission delivery vehicles and $1.71 billion to install the associated infrastructure (Section 70002).

Tax Provisions

The enhanced 179(d) tax deduction for commercial building energy efficiency will take effect on 1/1/23 and increased the deduction levels up to $5/sq.ft. It also allows designers on building projects for nonprofit entities, governments and Tribal governments to qualify. Retrofits can now also qualify by showing a 25% decrease in energy use intensity, without simulation modeling. Finally, the deduction can now also apply to a specific commercial building every three years and on a governmental building every 4 years, rather than the maximum deduction for the life of the building that previously applied.

The 25D investment tax credit for direct ownership of solar property for homeowners is extended and raised to 30%, with a step-down to 26% in 2033. The White House asserted that the average family would save $9,000 on their electricity bills ($300/year) over the life of the solar systems. Stand-alone storage is now eligible for batteries with a capacity of at least 3 kWh. The credit before IRA for 2022 is 26% and it was slated to go down to 22% in 2023 and be eliminated starting in 2024.

The business investment tax credit (utility-scale, commercial, industrial, non-profit, government and third-party owned residential) is extended and expanded to 30% for construction that begins before the end of 2024. After that 2024, in accordance with the position taken by Senate Finance Committee Chairman Wyden (D-OR), the new “tech neutral” structure applies. The ITC for solar before IRA had been 26% for 2022, 22% for 2023 and 10% through 2030.

Under the IRA statute, projects will be able to choose between the ITC or PTC and the provisions are generally for 10 years.

The new tax credits for manufacturers are 30% (ITC)(Section 48C)(estimated at $10 billion) and $6 billion for census tracts where a coal mine closed. To get the full 30% credit, a project has to satisfy the prevailing wage and apprenticeship requirements. The credits apply to eligible investment costs in facilities and equipment and a separate credit for components based upon the volume of product manufactured and sold. The Advanced Manufacturing ITC (Section 13502) (new 45X of the Internal Revenue Code) applies to “eligible components” produced in the United States.
Energy storage now qualifies for a credit, where it had not previously qualified (Section 13302(b) and (d)).

Residential efficiency is offered a credit under Section 25C of the Internal Revenue Code and extended for 11 years. It is limited to 30% of the cost of qualified products or equipment (e.g., windows, doors, insulation and weatherization materials) and generally limited to $1,200 annually. Heat pumps and heat pump water heaters, biomass stoves and biomass boilers could receive $2,000.

The 45L tax credit for energy efficient homes (Section 13340), which had expired at the end of 2021, is also extended (and modified) for 10 years. The credit is $2,500/home so long as it meets the EPA ENERGY STAR standards and $5,000/home for DOE’s Zero-Energy Ready Homes program.

The base production tax credit for renewables increases from 1.5 cents/kWh to 3 cents/kWh (Section 130101(a-c), (e)). Qualified apprentices are required for projects, starting at 10% of the hours worked (Section 13101(f)).

A credit for hydropower begins at 25 kW, rather than 150 kW and applies to facilities placed in service beginning on 1/1/23 (Section 13101(k)).

The ITC for geothermal property applies to property that begins construction before 2035 (Section 13102(b)).

The new “direct pay” election (like the Section 1603 under the American Recovery and Reinvestment Act) allows cash rather than a tax credit for non-profits, such as states, local governments, municipal utilities, TVA, Tribes, Alaska natives and cooperatively owned utilities. This means that the federal government will make direct payments to these entities. This provision generally applies to most of the credits included under this Act, such as 45(a) (renewable energy production property), 45Q (CO2 sequestration credit), 45U (zero-emission nuclear power production credit, which is new), 45V (clean hydrogen), 45W (commercial vehicles), 45X (advanced manufacturing production), 45Y (clean electricity production credit) and 45Z (clean fuel production credit). It also includes storage.

The EV tax credit was much debated. The final version (Section 13401 – Section 30D of the IRC) will provide a personal tax credit of $7,500 for new vehicles and $4,000 for used EVs, with domestic content limitations. In addition, the MSRP of a pick-up or SUV is capped at $80,000, with a $55,000 cap for cars. In addition, there are income limitations for buyers set at $150,000 for single taxpayers, $225,000 for a head of household and $300,000 for families. To be eligible for the credit vehicles must be assembled in North America. Starting in 2023, 40% of the critical minerals used in the EV battery must be processed or extracted in the U.S., or in a country with a free trade agreement with the U.S. Starting in 2027, the 40% minimum rises to 80%. In 2023, 50% of the battery must be manufactured or assembled in North America (60% in 2024 and 2025, and up to 100% in 2029). The old EV credit of $7,500 for new EVs was capped at
200,000 vehicles/manufacturer (most had reached that level). This new credit eliminates the cap. Plug-in hybrids will continue to be eligible for a partial credit.

The $1/gallon biodiesel and renewable diesel credit is extended through 2024.

4) INFRASTRUCTURE IMPLEMENTATION (PL 117-58)/DOE REORGANIZATION.

A) NASEO has continued to respond to Requests for Information (RFIs) for infrastructure bill programs. During the NASEO Board meeting on 7/21-7/22/22, the Board met with numerous members of the Administration, and they stressed their desire to accelerate the pace of funding releases, though we did not get a specific schedule. We are hopeful that the SEP funds from the IIJA will be announced in September. We also stressed that the states would push to procure their own technical assistance with the SEP funds and would be opposed to DOE using any portion of the $500 million from the SEP funds for that purpose. We will see.

B) DOE announced the creation of the new Office of State and Community Energy Programs, under the Undersecretary for Infrastructure. Henry C. McKoy, Jr. is the Director of the new office. Henry had been the Director of Entrepreneurship at North Carolina Central University in Durham, NC and was on the faculty at UNC’s Business School. His acting Deputy is Michael Forrester, who had led sustainability efforts in Cincinnati. The #3 in the office is Anna Garcia, the long-time head of the Office of Weatherization and Intergovernmental Programs. The chief of staff to the new office is Chris Castro, who had led sustainability efforts in Orlando, Florida. Mike Li is leading the local government initiatives in that new office. As we mentioned on our last call, the Principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy, Kelly Speakes Backman, left the agency in August. Jeff Marootian has been nominated to be the Assistant Secretary. David Crane, the former CEO of NRG, was nominated to serve as Under Secretary for Infrastructure on 8/3/22. Kathleen Hogan is continuing to serve as the Principal Deputy Under Secretary for the Infrastructure Office.

C) It appears that DOE intends to place the new residential efficiency programs under the Undersecretary for Infrastructure.

5) BIDEN ADMINISTRATION/JUDICIAL ACTION.

A) On 8/17/22, NASEO submitted comments to the Federal Energy Regulatory Commission in Docket No. RM21-17-000, entitled “Notice of Proposed Rulemaking – Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generation Interconnection.” NASEO’s comments stressed the important role of state energy offices and encouraged FERC to expand the working relationship with state energy offices. FERC is moving forward with a number of rulemakings and technical conferences. FERC Chairman Rich Glick has been nominated for another term as a FERC Commissioner. The Senate has not yet acted on that nomination.

B) With the massive drought in the southwest, the Bureau of Reclamation has put the states in the Colorado River Basin on notice that further cuts will be coming in water use and power
production in early 2023. The Administration has encouraged those states to continue discussing allocation cuts among them.

6) CONGRESSIONAL ACTION.

A) As discussed on our last call, Congress was moving towards passage of the so-called “CHIPS+” bill (Creating Helpful Incentives to Produce Semiconductors – HR 4346). That bill has now been passed and signed by the President. It provides over $50 billion in funding for domestic production of semiconductors. It also provides $81 billion in funding authorizations for the National Science Foundation and $50 billion in authorized funding for the DOE Laboratories. How those authorizations play-out at the Energy and Water Development Appropriations Subcommittee, and how those authorizations might “compete” with other funding demands, such as the deployment programs, is an open question.

B) As noted above, the House returned from their August recess on 8/12/22 to pass the IRA on a 220-207 party-line vote.

C) Both houses of Congress are on recess until September, with the House returning on 9/13/22 and the Senate returning on 9/6/22.

7) NEW BUSINESS.