



Weekly Landscape Report

May 12, 2023

ICYMI: At the start of this week, we shared a memo outlining the current state-of-play on permitting reform in Washington, including the latest coming from the House, Senate, and Administration. You can find the full memo – which has now been updated with the Administration’s position on permitting – attached to this email. New updates on permitting that came out this week are also included below.

Pioneer is hosting the AAPIs in Clean Energy fireside chat with DOT Director [Lynda Tran](#) in honor of Asian American Native Hawaiian Pacific Islander Heritage Month. This group, co-organized by Pioneer’s Carianne Lee, Director of Climate Policy Appropriations, brings together AAPIs in the DC area working in clean energy, clean transportation, and climate solutions. Please [register here](#) to join us on Wednesday, May 24th at 700 Pennsylvania Ave SE for this event.

Leaders avoid the limelight, but the back rooms buzz on debt limit talks:

We are now 20 days away from the June 1 deadline that Treasury set for action needed to avoid a default on our nation’s debts. In fits and starts, the picture [is becoming a little clearer](#), but the two sides appear to be far from a breakthrough in negotiations.

Yesterday afternoon, the negotiating principals agreed to postpone today’s previously scheduled White House meeting until early next week. We actually see this as a positive development – or at least not a negative one – for a few reasons:

- First, staff has been meeting in earnest since the first principals meeting on Tuesday. Just yesterday, the staff met for two hours and likely will continue doing so throughout the weekend. A misplaced comment by Speaker McCarthy or Leader Schumer at a post-White House meeting press conference could upset those staff discussions and create a costly distraction.
- Second, it’s likely the principals want some distance between themselves and the staff details at this stage. That way, they can preserve flexibility to change their minds if the rank-and-file Members push back to the trial balloons around potential agreements offered in the press.
- Third, it’s likely this meeting would have been held after markets close and nobody wants a tense, hour-long meeting on a late Friday afternoon. Seriously. It’s been said that VEEP is the closest TV show to depicting the reality of D.C. politics and this would be a case example of that.

But what is it that staff are discussing in these meetings? We’ve seen [press reports](#) – mostly from the Republican perspective – about the parameters of a possible deal template that is significantly scaled back from the House-passed Limit, Save, Grow Act:

- Reps. Garret Graves and Dusty Johnson on Thursday [suggested that a deal](#) could revolve around four concepts: the clawback of unused COVID dollars previously approved by Congress; reduced annual discretionary spending for multiple years (length to be determined); permitting reform for

new energy projects; and additional work requirements for entitlement programs like Medicaid and SNAP.

Of those four items, we see the first two as by far the most likely. But it's hard to see how the two sides come to agreement on a large permitting deal in two weeks given the myriad issues at play. And we just don't see Democrats ever reaching agreement with Republicans on increased work requirements for entitlements.

- A second significant update came [from Speaker McCarthy himself](#), who seemed to suggest that savings the House achieved through reductions to annual baseline spending levels could be achieved by accumulating savings elsewhere throughout government. In other words, annual appropriations need not be curtailed if equivalent savings can be used to fill the gap.

But, what are all these concessions buying Democrats in the form of default avoidance? One year? Two years? More? The longer the debt limit is delayed, the more concessions Republicans will want. For his part, Leader Schumer is still insisting [default be taken off the table](#), full stop; if we approach June 1 without a deal coming together, does that message become more potent or less?

The upshot here is we are only a few weeks before default and we're not close to a real public framework yet, so buckle in for a bumpy ride.

Inflation data continues cooling, meeting expectations

On Wednesday, the Labor Department [released inflation data](#) for the month of April. Annual inflation cooled for the 10th consecutive month, rising to 4.9% from a year earlier. While consumer costs appear to be moderating in the face of increased gas and rent prices, [costs in the services sector](#) are proving to be a frustrating driver of sustained inflation.

April seeing the slowest annual inflation rate in two years, [along with the highest weekly unemployment claims in a year-and-a-half](#) indicate a low probability that the Fed will increase rates at their meeting in June. In fact, [investors on Wednesday put the odds at 14%](#). Other economists [predict a similar tale](#) and increasingly forecast a recession later this year—a reality that credit tightening and instability in the banking sector would also suggest.

This week in Washington:

Biden Administration shares its position on permitting reform

On Wednesday, John Podesta shared the Biden Administration's position on permitting in his [remarks](#) at the Bipartisan Policy Center. Podesta clarified that the Administration supports Manchin's bill in order to keep up their half of the IRA deal with the Senator, but that "the President, frankly, doesn't love everything in the bill." Podesta called on Congress to use Manchin's bill as a starting point for negotiations, though noted that permitting should not be included in a debt limit bill.

During Podesta's remarks, the White House published a [fact sheet](#) outlining the Administration's objectives on permitting reform and urging Congress to provide more tools the Administration can use to speed up permitting (Podesta said the Administration is doing the best with the tools it currently has). Podesta also highlighted that 7 agencies, the Federal Permitting Improvement Steering Council (FPISC), and the White House have signed a new MOU to put electric transmission permitting on a fast track. Podesta described the MOU as requiring that some agencies defer to DOE, which is going to lead the

interagency coordination efforts. For more details on the Administration's position on permitting, as well as others', make sure to check out our permitting memo, attached.

Guidance on domestic content adder finally released

Today, the Treasury Department [released](#) its long-anticipated [guidance](#) covering the IRA's 10 percentage point and 10 percent domestic content bonus tax credits that can be added on top of the clean energy investment and production tax credits, respectively. One of the most significant parts of the domestic content guidance was the determination that a large majority of the pieces of renewable projects are considered "manufactured products" and "project components" (e.g., for solar, that includes modules, trackers, and inverters, for wind that includes the turbine itself) as can be seen in [Table 2](#) of the guidance. In order to receive the 10% bonus credit, renewables developers will have to certify that these components are made in the U.S. They're considered "made in the U.S." if more than 40% of the cost of all manufactured products for the project are mined, produced, or manufactured in the United States, (this ramps up to 55% for projects beginning construction after 2026). Ultimately, this structure means that more pieces can be made outside the US and still qualify for the adder, rather than if the guidance had required some of the components further up the supply chain (e.g., solar cells or wind nacelles) to be specifically made in the U.S.

EPA publishes new power plant rule

EPA made headlines this week after releasing its new [rule](#) on power plant emissions. This is the EPA's first real attempt at controlling power plant emissions since the Supreme Court struck down an Obama-era EPA rule in *West Virginia v. EPA*. This new rule is all but guaranteed to be challenged in the courts. But for now, the rule puts restrictions on emissions from existing gas and coal-fired power plants, and new gas-fired plants. Coal plants closing in the nearer term (pre-2032) and those closing by 2035 that run less than 20% of the time, have no new restrictions. Those remaining online after that will have to use carbon capture or burn natural gas alongside coal to reduce emissions. For existing gas-fired power plants, the rule only applies to plants larger than 300 MW that run more than 50% of the time – these, too, must use carbon capture or co-fire with hydrogen. Requirements for new gas plants depend on whether they are peaker plants, intermediate load, or baseload plants. Peaker plants don't have any new requirements, whereas intermediate load plants have to cofire hydrogen, and baseload plants have to use carbon capture or co-fire with hydrogen.

Pioneer and clients in the news

Partner Charlie Ellsworth [was quoted in a Washington Post article](#) on this week's debt ceiling talks.

The American Economic Liberties Project [hosted](#) an anti-monopoly summit that heard from high ranking government leaders, including Senator Amy Klobuchar and Transportation Secretary Pete Buttigieg, last Thursday–[while CEO's of AI companies met at the White House](#).

TD Cowen CEO Jeff Soloman [discussed](#) inflation and banking turmoil at the Milken Institute's 26th annual Global Conference.

SEIA CEO Abigail Ross Hopper and Senator Martin Heinrich [discuss](#) the domestic solar manufacturing being realized through the IRA, and why the President's two-year solar tariff moratorium is necessary.

Climate Power and other allied groups are [running a \\$20 million+ national advertising program](#) to raise awareness of the Biden Administration's economic work.

DOE funding opportunity announcements (FOAs):

On Thursday, the Energy Department [issued](#) a \$50 million grant funding opportunity for clean energy projects in rural communities. This FOA encompasses a broad range of energy technologies and makes between \$500,000 and \$5 million in funding available for recipients—with no cost-share requirement whatsoever. Part of the President’s [Investing in America agenda](#) and funded through the Bipartisan Infrastructure Law, the [Energy Improvements in Rural or Remote Areas \(ERA\) program](#) seeks to support community- and large-scale demonstration projects that address region-specific energy challenges in communities with populations under 10,000 people. Pre-applications and full applications are due [here](#) by July 13 and October 12, respectively.

For other funding opportunities available at DOE, please see [this memo](#).

Market and job trends from the past week (at Thursday close):

- Dow Jones Industrial Average: 33,309.51, +60.96, (+0.18%)
- NASDAQ: 12,328.51, +255.48, (+2.12%)
- S&P 500: 4,130.62, +45.89, (+1.12%)
- Weekly initial jobless claims: 264,000 vs. 245,000 expected
- 10-Year Treasury Note yield: 3.386%

Next week: Economic indicators

- [Consumer Credit Panel](#) (May 15)
- [Industrial Production and Capacity Utilization](#) (May 16)
- [Manufacturing and Trade Inventories and Sales](#) (May 16)
- [Initial Claims](#) (May 18)
- [Weekly Economic Index \(WEI\)](#) (May 18)

Next week: Hearings to watch

Tuesday May 16, 2023

House Transportation and Infrastructure Subcommittee on Water Resources and Environment

The Next Fifty Years of the Clean Water Act: Examining the Law and Infrastructure Project Completion
05/16/2023 (10:00 AM EDT), watch [here](#).

House Financial Services

Oversight of Prudential Regulators
05/16/2023 (10:00 AM EDT), watch [here](#).

House Ways and Means

Health Care Price Transparency: A Patient's Right to Know
05/16/23 (10:00 AM EDT), watch [here](#).

Senate Banking, Housing, and Urban Affairs

Hearings to examine the failures of Silicon Valley Bank and Signature Bank.
05/16/2023 (10:00 AM EDT), watch [here](#).

Senate Judiciary Subcommittee on Privacy, Technology, and the Law

An oversight hearing to examine A.I., focusing on rules for artificial intelligence
05/16/23 (10:00 AM EDT), watch [here](#).

House Natural Resources Subcommittee on Energy and Mineral Resources

Examining the President’s FY 2024 Budget for the Bureau of Land Management and the Office of Surface Mining, Reclamation and Enforcement
05/16/2023 (10:15 AM EDT), watch [here](#).

Senate Environment and Public Works

Hearings to examine the President's proposed budget request for fiscal year 2024 for the U.S. Fish and Wildlife Service.
05/16/2023 (10:15 AM EDT), watch [here](#).

House Natural Resources Subcommittee on Federal Lands

Examining the Challenges Facing Forest Management, Wildfire Suppression, and Wildland Firefighters Ahead of the 2023 Wildfire Year
05/16/2023 (2:00 PM EDT), watch [here](#).

Senate Environment and Public Works Subcommittee on Transportation and Infrastructure

Hearings to examine perspectives on new and existing US Army Corps of Engineers authorities to respond to water management issues including drought and water conservation.
05/16/2023 (2:30 PM EDT), watch [here](#).

Wednesday May 17, 2023

House Financial Services Subcommittee on Financial Institutions and Monetary Policy

Continued Oversight Over Regional Bank Failures
05/17/2023 (10:00 AM EDT), watch [here](#).

House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet

Artificial Intelligence and Intellectual Property: Part I - Interoperability of AI and Copyright Law
05/17/2023 (10:00 AM EDT), watch [here](#).

Senate Environment and Public Works

Hearings to examine Federal actions to improve project reviews for a cleaner and stronger economy.
05/17/2023 (10:15 AM EDT), watch [here](#).

House Oversight and Accountability Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs

“Driving Bad Policy: Examining EPA’s Tailpipe Emissions Rules and the Realities of a Rapid Electric Vehicle Transition”
05/17/2023 (2:00 PM EDT), watch [here](#).

House Ways and Means Subcommittee on Health

Why Health Care is Unaffordable: Anticompetitive and Consolidated Markets

05/17/2023 (2:00 PM EDT), watch [here](#).

Senate Banking, Housing, and Urban Affairs Subcommittee on Economic Policy

Hearings to examine strengthening accountability at the Federal Reserve, focusing on lessons and opportunities for reform.

05/17/2023 (2:30 PM EDT), watch [here](#).

Joint Economic Committee

Hearings to examine how a U.S. default crisis harms American families and businesses.

05/17/2023 (2:30 PM EDT), watch [here](#).

Thursday May 18, 2023

Senate Banking, Housing, and Urban Affairs

An oversight hearing to examine financial regulators, focusing on financial stability, supervision, and consumer protection in the wake of recent bank failures.

05/18/2023 (9:30 AM EDT), watch [here](#).

Senate Finance

Hearings to examine tax incentives in the Inflation Reduction Act, focusing on jobs and investment in energy communities.

05/18/2023 (10:15 AM EDT), watch [here](#).