



*Please join us on Tuesday, October 3rd for a happy hour and live music on the rooftop of our new office at 700 Pennsylvania Avenue, SE. RSVP [here](#) and see the attached invite for more information!*

### **Client Note: How to watch the next two weeks and beyond...**

We are getting closer to the potential government shutdown everyone saw coming and it's truly unclear what happens next.

The antagonists in this story – the 45-plus member Freedom Caucus – are telling everyone a shutdown is happening. “We are going to have a shutdown,” said [Rep. Ralph Norman, on Thursday](#). “It’s just a matter of how long.” We’ll revisit this comment in a moment.

There are two full calendar weeks before the end of the month, when federal funding runs out, and consider what we’ve seen just in the last several days:

- Speaker McCarthy endorsed an impeachment inquiry into President Biden, which even fellow Republicans say lacks evidence.
- The House majority then pulled their annual Defense funding bill from the floor, unable to get support for a signature policy plank of their party.
- McCarthy then reportedly dared his Freedom Caucus opponents to offer a vote to terminate his Speakership.
- In the upper chamber, after 91 Senators agreed to proceed to a funding bill for veterans, agriculture, transportation and other agencies, [Sen. Ron Johnson objected](#) to the process moving forward. The three underlying bills had been reported out unanimously by the Appropriations Committee 31-0 earlier this year.

It appears everyone is making this up as they go. Moving forward, leadership in both parties (Democrats haven’t had to do much yet) will try to win that day’s news cycle and hold on for dear life.

An optimist could see glimmers of hope. Sometimes progress is only made once enough people are convinced that catastrophe is around the corner, and as of this morning, [House Republicans](#) are reportedly considering an attempt to pass a short-term funding patch (at below current-year levels), plus ideological border and immigration demands, as well as a full-year funding increase for the Department of Defense. If this bill passes the House, the Senate will amend it with its own version of a continuing resolution (CR), possibly including some elements reflecting the bipartisan progress it has made on appropriations. Then it goes back to the House. Minus the theatrics, this would be somewhat typical for how an endgame on negotiations would unfold. There are [also talks among McCarthy’s allies](#) of putting appropriations bills on the floor and daring the Freedom Caucus to vote against them. Speaker McCarthy has surprised us before – many thought he wouldn’t even become Speaker, let alone pull off a debt limit raise. So, the

possibility remains that McCarthy will pull another rabbit out of his hat, but however that comes together is not clear at this point.

It's nearly impossible to see how the federal government remains open unless Speaker McCarthy goes against the Freedom Caucus and passes a bill using a large share of Democratic votes. McCarthy doing that would effectively be writing his own resignation letter since Freedom Caucus members have threatened to vote to remove him from office if he puts a CR on the floor. Any hope of Democrats saving McCarthy went out the window now that he has fully embraced Biden's impeachment. Hence the growing likelihood of a shutdown.

But – to Rep. Norman's question – for how long?

[Wall Street analysts](#) are expecting a short-lived and relatively painless shutdown. That's certainly possible and what everyone would hope for. As an important benchmark of pain, the [first military paycheck](#) that could be disrupted by a shutdown could come on Oct. 13. (Though Congress voted to protect military pay before the shutdown in 2013, and may do so again this time around.)

Experience shows it's a lot easier to get into a shutdown than it is to get out of one. In 2013, the 16-day shutdown ended after prodding for a debt-limit deal; Republicans backed down with no concessions in hand. The 2019 shutdown ended after 35 days when [10 air traffic controllers](#) refused to show up to work, triggering Republicans to again back down with no concessions.

- For those thinking the Freedom Caucus is pursuing a twice-failed strategy to exact concessions to continue government funding, we have to consider the alternative possibility that there are no concessions desired and the MAGA-right simply wants the government to remain shut down. Ultimately, how long Speaker McCarthy will allow this rump group to control negotiations so that he can keep his job may be the same answer to how long the shutdown will last.

### **What actually happens during a shutdown?**

A shutdown caused by a gap in appropriations will impact agencies differently, making it difficult to project how much impact it will have on implementing IRA programs and tax incentives. While having far reaching impacts on things like enforcing environmental rules and permitting infrastructure (including clean energy projects), a short shutdown might be hardly felt in other areas like DOE grantmaking, financing programs, and possibly even Treasury tax credit guidance. Key activities that could be affected by a shutdown include: permitting, rulemaking, contracting and grantmaking (other than DOE). There are two primary factors determining whether an agency function can continue despite a gap in funding. The function can continue if:

1. The activity and personnel are needed to protect the safety of human life or the protection of property, or if there are specific legal obligations related to winding down that activity during a shutdown; or,
2. The activity is funded by mandatory, "no-year" or "multi-year" funding, all of which is funding that's available irrespective of the status of appropriations.

Number 2 is particularly important this year (and potentially next year) because significant multi-year and no-year funding was included for IRA and IJA activities for clean energy programs, including DOE, DOI, EPA, USDA, and others. As a result, some of these funds will likely allow *some* personnel and activities to continue even if there's a longer shutdown. This will likely create a dynamic in which some agency activities will continue, but may be constrained by furloughs in other critical parts of the agency or at other agencies. For example, permitting activities funded through the IRA might technically be able to continue, but could be constrained by the lack of support from other offices or cooperating agencies whose personnel were furloughed.

Here's a quick rundown of how a few agencies will be impacted, and you can find more details in each agency's contingency plans [here](#).

- **DOI/BLM** - In prior shutdowns, furloughs have been immediate and permitting activities suspended. But the IRA provided \$150 million for permitting, which might keep certain activities going (DOI has not released its updated plan yet).
- **DOE** - Significant "no-year funding" can be used, allowing for minimal impact if the shutdown is less than five days. Each activity and office is impacted differently.
- **Treasury/IRS** - IRA funds allow the Office of Tax Policy to continue most operations, including working on tax credit guidance. Processing returns and refunds will also continue, but many other taxpayer services will be suspended.
- **EPA** - While EPA's emergency response, law enforcement, and necessary litigation/legal activity will continue, the agency will cease issuing new grants, interagency agreements, issuing permits or approving various requests for state-delegated authorities.

### **DOE Funding Opportunity Announcements (FOAs)**

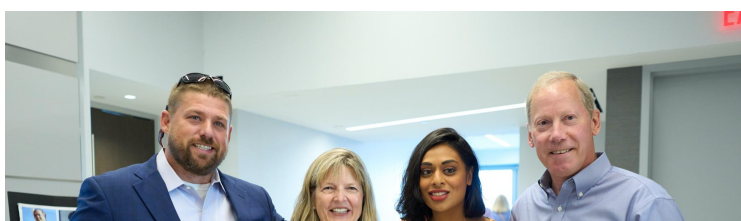
DOE [announced](#) \$36 million in funding for research, development, and demonstration projects for two major photovoltaic (PV) technologies. It expects to make between two and fifteen awards ranging between \$1 million and \$20 million to for-profit entities. Concept papers are [due](#) October 24.

The Department also [opened](#) a \$10 million program to support the capacity of state and local governments to create or expand initiatives that support the planning, siting, and permitting of large-scale renewable energy projects on private land. It expects to award between five and seven state-based collaboratives (up to \$2 million each) through the [Renewable Energy Siting through Technical Engagement and Planning \(R-STEP\) program](#). Applications are [due](#) November 3.

The Department of Transportation [announced](#) \$100 million in funding for the EV Charger Reliability and Accessibility Accelerator, which supports projects that repair and replace existing but non-operational EV charging infrastructure. State DOTs and local governments must apply by November 13.

Lastly, concept papers for the [\\$45 Million Silicon Solar Manufacturing and Dual-use PV Incubator FOA](#) are due September 27. For other upcoming deadlines and opportunities, please see [this memo](#).

### **Where in the World is Pioneer?**



Pioneer hosted a book party for Robin Schepper (Obama alum and wife of Pioneer's own Eric Washburn) celebrating [her memoir](#) "Finding My Way: A Memoir of Family, Identity and Political Ambition," [as mentioned in Politico's Playbook](#).

Alex McDonough attended [2024 RE+ Las Vegas](#), the largest renewable energy conference in North America, alongside other solar professionals and industry leaders (including [\(SEIA\)](#), which co-sponsors the event).

Joe Britton and Pierson Stoecklein are in Albuquerque at the Building an Advanced Energy Ecosystem in New Mexico conference, which focuses on cutting-edge technologies in the race to decarbonize and how the state can become a global leader in the energy transition.

### **[Next Week: Hearings to Watch](#)**

*Tuesday, September 19, 2023*

#### **House Financial Services Subcommittee on Capital Markets**

"Oversight of the SEC's Division of Investment Management"

(10:00 AM EDT), watch [here](#)

#### **House Oversight and Accountability**

"The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part II: Not What the Doctor Ordered"

(10:00 AM EDT), watch [here](#)

#### **House Natural Resources Subcommittee on Energy and Mineral Resources**

"Examining the Biden Administration's Mismanagement of the Federal Onshore Oil and Gas Program"

(10:30 AM EDT), watch [here](#)

#### **House Financial Services Subcommittee on Financial Institutions and Monetary Policy**

"A Holistic Review of Regulators: Regulatory Overreach and Economic Consequences"

(2:00 PM EDT), watch [here](#)

#### **Senate Intelligence**

Hearings to examine advancing intelligence in the era of Artificial Intelligence, focusing on addressing the national security implications of AI

(2:30 PM EDT), watch [here](#)

*Wednesday, September 20, 2023*

#### **Senate Banking**

"Artificial Intelligence in Financial Services"

(10:00 AM EDT), watch [here](#)

#### **Senate Banking Subcommittee on Economic Policy**

"Child Care Since the Pandemic: Macroeconomic Impacts of Public Policy Measures"

(2:00 PM EDT), watch [here](#)

**Joint Economic Committee**

“Hearings to examine growing the economy of the future, focusing on job training for the clean energy transition”

(2:15 PM EDT), watch [here](#)

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

“IP and Strategic Competition with China: Part III – IP Theft, Cybersecurity, and AI”

(3:00 PM EDT), watch [here](#)

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