



This Week in Washington

House Republicans Continue Efforts to Undermine Biden Clean Energy Plan

On Tuesday, the House Ways and Means Committee [passed](#) a party-line [bill](#) to peel back some of the clean energy tax incentives under the IRA. [Calling](#) them special interest handouts for the wealthy, Chairman Jason Smith's (R-MO) bill would repeal the clean electricity production and investment credits, as well as modify the EV tax credit (including its domestic content requirements). These efforts by House Republicans are just the latest attempt to undermine the President's clean energy agenda after failing to include similar provisions in the recently-passed debt ceiling bill. The proposal prompted multiple groups to issue statements in opposition, including the [Solar Energy Industry Association](#), [Zero Emission Transportation Association](#), [American Clean Power Association](#), [American Council on Renewable Energy](#), and the [Business Council for Sustainable Energy](#).

The House Appropriations Committee is making similar efforts to slash funding for climate and other environmental priorities of the Biden Administration. The [Energy and Water Subcommittee annual spending bill](#) would also claw back funds in the IIJA and IRA. The bill includes provisions that would block the Administration's WOTUS rule, as well as a host of other riders. It is also the beginning of a fight with the Senate to decide where [the 2024 fiscal year's top-line funding levels](#) should be set for the twelve appropriations bills, despite Congress having sought to settle this issue [just weeks ago](#) with the debt limit agreement.

We expect Republican attacks on clean energy policy, and particularly IRA tax incentives, to continue. Last week, the Joint Committee on Taxation [released](#) a "very preliminary" updated score of the bill's credits at \$663 billion, which was a substantial increase from their originally projected cost of \$270 billion. The new score [left](#) Republicans irate and Democrats thrilled with the news as a sign the credits were even more popular than previously thought.

More Treasury Guidance on IRA Tax Credits

As we've reported previously, Treasury has been rolling out guidance documents outlining how it will implement the tax credit provisions of the IRA. According to the Administration, nearly three-quarters of the IRA's clean energy investments are delivered via tax incentives.

The latest Treasury guidance was [published](#) Wednesday to issue preliminary guidance on the elective pay and transferability mechanisms used for several eligible tax credits under the IRA, as well as temporary regulations for an [electronic pre-filing registration requirement](#). Prior to the IRA's enactment, entities without sufficient tax liability such as nonprofits, religious organizations, rural energy co-ops, and farmers were unable to realize the full value of incentives in the form of tax credits. With the elective pay mechanism, these entities can receive elective payments for twelve different types of clean energy tax credits. Businesses can also choose elective pay for three of the credits: Advanced Manufacturing (45X),

Carbon Oxide Sequestration (45Q), and Clean Hydrogen (45V). Businesses not using elective pay can transfer all or a portion of any of eleven clean energy credits to a third party in exchange for tax-free immediate funds. The guidance is preliminary, and Treasury is taking comments through August 14.

This Week in the Economy

After a two-day meeting, the Federal Reserve [decided](#) to hold off on an additional interest rate hike, leaving the current rate unchanged at 5-5.25%. In its [policy statement](#), the Federal Open Market Committee (FOMC) said the decision allows them “to assess additional information and its implications for monetary policy.” A big reason for the Fed’s decision to not increase rates was the [inflation report for the month of May](#), in which the Consumer Price Index (CPI) came in below expectations to show the slowest pace (4.0%) of increases in more than two years— a slowdown from 4.9% in April.

[From April to May](#), gas prices declined, while grocery prices rose slightly. Inflation that excludes volatile energy and food prices (core CPI) remains high, which is something the Fed and investors are closely watching. Even with the decline to the headline number, CPI at 4% is still considerably above the Fed’s desired level of 2%, which is why there are two caveats that came out of the June meeting:

- First, the central bank’s “[dot plot](#)” – the compilation of the individual committee members’ assessments of appropriate future monetary policy – projects two more rate increases by the end of the year. Chairman Powell [said](#) a decision has yet to be made for when the Committee reconvenes in July, calling it a “live meeting.”
- Second, the Fed also now forecasts interest rates to be as high as 5.6% by the end of the year. In addition to increasing their projected terminal rate (the level at which interest rates will be at their peak), the [Fed also hiked their 2024 and 2025 forecasts](#), now expecting rates of 4.5% and 3.4%, respectively. This suggests that interest rates may be higher for longer than originally anticipated.

In its future estimates, the Fed [also lowered](#) its unemployment projection for the end of the year to 4.1%, down from an original 4.5% projection, in a show of confidence that it can execute the long sought-after “soft landing,” in which they raise rates without causing a recession. In response to all of this, the three major U.S. stock indexes [closed Thursday at their highest levels](#) since 2022.

Chairman Powell will have another opportunity to set the narrative on future financial policy next week as he testifies to the [House Financial Services](#) and [Senate Banking](#) Committees for their semi-annual hearings on monetary policy.

DOE Funding Opportunity Announcements (FOAs)

This week, the Department of Energy [launched](#) the seventh round of the American-Made Solar Prize, a \$4 million program that seeks to spur innovations in U.S. solar hardware and software technologies.

Additionally, the Biden Administration is [requesting public input](#) from small businesses, private investors, incubators and accelerators, and project developers to help inform a potential program to support the operational validation of pilot-scale clean energy technology components and subsystems. If interested, [responses must be submitted](#) by the end of July.

The Department also [issued a \\$192 million investment](#) for a [Consumer Electronics Battery Recycling FOA](#), an advanced battery research and development (R&D) [consortium](#), and the lithium-ion [battery recycling prize](#).

DOE [announced a notice of intent](#) for a \$36 million FOA to support research, development, and demonstration (RD&D) projects on two major thin-film photovoltaic (PV) technologies. The funding opportunity is expected to open in September and be restricted to for-profit lead applicants.

Lastly, if you are interested in submitting concept papers to the [\\$51 million Ride and Drive Electric](#), or the [\\$99.5 million Advanced Vehicle Technologies](#) FOAs, their respective deadlines are June 16 and June 26.

For more on these funding opportunities, please see [this memo](#).

Where in the World is Pioneer?

Pioneer's Sweta Chakraborty is in France ahead of [We Don't Have Time's broadcast](#) at the UN's Sustainable Development Goals (SDG) media lounge for the annual Cannes Lions Festival of Creativity.

Pioneer's [Jake Jackson and Eric Washburn](#) climbed to the base camp of Mount Everest this week, an experience that reaffirmed their passion for tackling environmental issues —>

On Wednesday, [Pioneer](#) attended the [League of Conservation Voters'](#) annual fundraising [dinner](#), with remarks from President Biden following an endorsement from the group.

[Pioneer](#) was [recently named](#) the 4th fastest growing firm in Washington.



Next Week: Hearings to Watch

10 a.m. EST, Wednesday, June 21

House Financial Services

The Federal Reserve's Semi-Annual Monetary Policy Report
Watch [here](#)

Senate Environment and Public Works

Hearings to examine reauthorization of the Economic Development Administration, focusing on state and local perspectives.

Watch [here](#)

Senate Banking, Housing, and Urban Affairs

Hearings to examine the nominations of Philip Nathan Jefferson, of North Carolina, to be Vice Chairman, and Lisa DeNell Cook, of Michigan, and Adriana Debora Kugler, of Maryland, both to be a Member, all of the Board of Governors of the Federal Reserve System.

Watch [here](#)

Senate Budget

Hearings to examine fossil fuel threats to climate and the Federal budget.

Watch [here](#)

10 a.m. EST, Thursday, June 22

House Natural Resources

Oversight Hearing titled "Examining the Council on Environmental Quality Fiscal Year 2024 Budget Request and Related Policy Matters."

Watch [here](#)

House Science, Space, and Technology

Artificial Intelligence: Advancing Innovation Towards the National Interest

Watch [here](#)

Senate Banking, Housing, and Urban Affairs

Hearings to examine the Semiannual Monetary Policy Report to the Congress.

Watch [here](#)

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