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Energy Newsletter

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DOE LAUNCHES CLEAN HYDROGEN INITIATIVE

On 7 June 2021, U.S. Secretary of Energy Jennifer M. Granholm launched the U.S. Department of Energy's (DOE) Energy Earthshot Initiative, making an "all-hands-on-deck call for innovation, collaboration and acceleration of our clean energy economy." The Energy Earthshots Initiative will seek to address technological and finances challenges to achieving the Biden Administration's goal of net-zero carbon emissions by 2050 and coordinate such efforts across DOE's science and applied energy offices, and the Advanced Research Projects Agency-Energy.

The Hydrogen Shot is the Energy Earthshots Initiative's first project. The Hydrogen Shot seeks to reduce the cost of clean hydrogen from $5 per kilogram to $1 per kilogram in 10 years. The Hydrogen Shot also establishes a framework for clean hydrogen deployment. Secretary Granholm called clean hydrogen a "game-changer" that "will help decarbonize high-polluting heavy-duty and industrial sectors while delivering good-paying clean energy jobs."

As part of the launch, the DOE issued a Request for Information to obtain public input in support of Hydrogen Shot. The information collected will help the DOE define the scope and priorities of the initiative and determine viable hydrogen demonstrations, including specific locations that can help lower the cost of hydrogen, reduce carbon emissions and local air pollution, create good-paying jobs, and provide benefits to disadvantaged communities. Responses are due 7 July 2021 by 5 p.m. Eastern Time.

For more information on the growing hydrogen economy, see our Hydrogen page.

SMALL MODULAR REACTORS COULD PLAY LARGE ROLE IN WASHINGTON STATE ENERGY TRANSFORMATION

In April, the Pacific Northwest National Laboratory, a division of the DOE, and the Massachusetts Institute of Technology released a report concluding that Washington is uniquely positioned to be an early adopter of small modular nuclear reactor technology and that small modular reactors could help fill the State's near-term power source gap. Washington, like many other states, has mandated that its power sources must generate electricity without emitting greenhouse gases by a set date. In the case of Washington, this deadline is 2045. To meet this goal, Washington is phasing out coal and natural gas generation, which currently provide approximately 17 percent of Washington's energy generation. This phase out could result in a power source shortage.

The report details how small, cutting edge nuclear reactors could fill this energy gap and satisfy the Pacific Northwest's dynamic electricity demand. The report notes that Washington is uniquely positioned to adopt the

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new technology because it already possesses an existing trained work force, infrastructure, and site locations that could be transitioned to small modular reactor generating facilities. Specifically, the report evaluates the viability of deploying the reactors at three locations: the Hanford Site, utilizing infrastructure from three of Energy Northwest's partially completed power plants; the Centralia Big Hanaford power plant; and on the Idaho National Laboratory site.

Small modular reactors are an innovative, carbon-neutral form of nuclear power generation. The key benefit of small nuclear reactors is that the components may be manufactured and assembled off-site then shipped and installed on-site, resulting in significant cost efficiencies. Advanced small modular reactors are also flexible, and can continuously operate at full power to provide reliable baseload energy or can follow power swings on the grid. Additionally, the report notes that with the increase in subsidies for clean energy and penalties for carbon-emitting resources in place in many states, small modular reactors are well positioned to provide competitively priced electricity in the future.

THE BUSINESS NETWORK FOR OFFSHORE WIND RELEASES GUIDE TO OPPORTUNITIES IN FLOATING OFFSHORE WIND DEPLOYMENT

On 8 June, the Business Network for Offshore Wind published its Offshore Wind Policy Brief: The U.S. Opportunity in Floating Offshore Wind report. The report provides an overview of current floating offshore wind policies and offers recommendations for states considering offshore wind development. Floating offshore wind provides developers with the opportunity to site resources in water depths greater than 60 meters. With more than 58 percent of U.S. offshore wind potential found in deep water locations, floating offshore wind resources can accelerate large-scale deployment of offshore wind installations in light of the Biden Administration's call for 30 gigawatts of offshore wind by 2030.

The paper identifies five principal regions for floating offshore wind opportunities, including: (1) the West Coast (including California, Oregon, Washington, and Hawaii); (2) the East Coast (including Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Maryland, Virginia, and North Carolina); (3) the Gulf of Maine; (4) the Gulf of Mexico; and (5) the Great Lakes.

The paper concludes by noting that offshore wind is heavily driven by state government leadership. To achieve their goals, states should enact technology-specific procurement mechanisms as soon as possible. The paper also recommends that state governments focus on repurposing existing infrastructure, such as offshore oil and gas facilities, stimulating growth of existing local companies to be supply chain “opportunity ready,” and driving the commercialization of floating wind technology.

SENATE FINANCE COMMITTEE ADVANCES CLEAN ENERGY FOR AMERICA ACT TARGETING CLEAN ENERGY AND ELECTRIC VEHICLE CREDITS

On 26 May, the Senate Finance Committee passed the “Clean Energy for America Act” (CEAA). For clean energy projects placed into service after 31 December 2022, the CEAA would make the Production Tax Credit (PTC) and Investment Tax Credit (ITC) technology neutral, and eligibility would depend on whether the facility's carbon emissions are at or below zero for generated electricity. Taxpayers would have the option to elect either the PTC

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or the ITC, and the credits would be converted to refundable for taxpayers who inform the Treasury Department of their election prior to placing the facility into service. The CEAA would extend the availability of the full ITC to standalone energy storage, transmission investments greater than 275 kilovolts, and microgrids. Facilities located in disadvantaged communities would be eligible for a 40 percent ITC. The PTC and ITC would increase 10 percent for nascent technologies or facilities that use domestically produced materials. For facilities greater than 1 megawatts, all labor must be at prevailing wage rates. The credits would phase out once the electric power sector reduces carbon emissions by 75 percent from current levels over a period of five years.

For electric vehicle purchases, the CEAA would remove the per-manufacturer cap of 200,000 vehicles sold, and impose a new phase out that would begin once 50 percent of all vehicles sold are electric. The incentive would also convert to a refundable credit. For vehicles purchased after 31 December 2021, the incentive amount would increase from a maximum $7,500 per vehicle to include $2,500 adders if the vehicle is manufactured domestically or if the manufacturer uses union labor, for a total possible credit of $12,500. The CEAA would impose a new price cap on eligible vehicles of $80,000. Commercial operators would receive a non-refundable 30 percent credit for electric vehicle purchases.

The CEAA would also prospectively eliminate credits available to enhanced oil recovery projects, and other tax incentives available for fossil fuel-related activities. Other provisions of the CEAA would address energy efficiency for new and existing buildings, direct air capture carbon sequestration credits and bonds, clean fuel production, and clean hydrogen.

CALIFORNIA WATERS OPEN UP TO OFFSHORE WIND FOR THE FIRST TIME IN NATION'S HISTORY

On 25 May, Secretary of the Interior Deb Haaland, Secretary of Defense for Policy Colin Kahl, White House National Climate Advisor Gina McCarthy, and California Governor Gavin Newsom announced an agreement between the federal government and State of California to open up large swaths of ocean waters off the coast of California for offshore wind development for the first time in U.S. history.

The Department of Interior's Bureau of Ocean Energy Management has proposed developing a 399 square-mile footprint off of California's central coast just northwest of Morro Bay. This initial plan has the potential to generate 4.6 gigawatts of clean power, which could power up to 1.6 million homes over the next decade. The Department of the Interior has indicated it will initiate a leasing process of this area in early 2022.

This announcement is part of the Biden Administration's larger strategy to deploy 30 gigawatts of offshore wind by 2030. It also comes on the heels of the Biden Administration's approval of the first major offshore wind project in the Unites States off the coast of Massachusetts.

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