

Biden's infrastructure plan aims to turbocharge U.S. shift from fossil fuels

New standard would mandate renewable-energy use by utilities, while tax breaks and spending would promote climate-friendly technologies

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President Biden's infrastructure plan would turbocharge the country's transition from fossil fuels, using the muscle and vast resources of the federal government to intervene in electricity markets, speed the growth of solar and wind energy, and foster technological breakthroughs in clean power.

The linchpin of Biden's plan, which he detailed in a speech Wednesday in Pittsburgh, is the creation of a national standard requiring utilities to use a specific amount of solar, wind and other renewable energy to power American homes, businesses and factories. The amount would increase over time, cutting the nation's use of coal, gas and oil over the next 15 years.

While 30 states and the District of Columbia already direct their utilities to include some portion of renewable energy, Biden's strategy would amount to the most sweeping federal intervention in the electricity sector in generations.

Biden said his plan would confront climate change, while putting the U.S. ahead of its economic competitors. "It's going to boost America's innovative edge in markets where global leadership is up for grabs," he said.

Tom Steyer, the billionaire activist who sought the Democratic presidential nomination last year and has advised the Biden administration on climate change, said in a statement that the president's plan marks an "inflection point" in the nation's energy trajectory.

"We can't let ourselves be thrown off course by political hurdles," Steyer said. "This is an opportunity to equitably shape America's future prosperity and role in the world. It's time to think big and get it done."

Biden's "Energy Efficiency and Clean Electricity Standard" would require congressional approval and is likely to face staunch opposition from Republicans. It is also unclear whether it could be included as part of a budget reconciliation bill, which would require just 51 votes for approval in the Senate. Even though it would require spending tax dollars, its primary impact would be on the private sector.

Administration officials have been working to shore up support for the idea among utility companies, many of which have already set ambitious climate goals and would prefer one national standard to the patchwork of state regulations



Grid, said that after years of seesawing public policy, power companies may be willing to back a long-term solution.

“Utility support is not unanimous or anywhere close but includes a lot of very big players,” Gramlich said. “Utilities crave certainty, since their job is to invest in 50-year assets.”

National Climate Coordinator Gina McCarthy and her deputy Ali Zaidi are scheduled to meet Thursday with the Edison Electric Institute, the power sector’s biggest trade association, to discuss the idea. Brian Wolff, the group’s executive vice president for public policy and external affairs, said in an email that the industry would work with the White House and Congress to address climate change.

“Certainly, we will review any proposed clean energy standard closely,” he said, “and we support policies that enable our member electric companies to continue to get the energy they provide as clean as they can as fast as they can, without compromising the affordability and reliability our customers value.”

Ralph Izzo, chief executive of the New Jersey-based utility PSEG, said a national clean energy standard “would be terrific if we can get it through Congress.” His utility has closed almost all its coal plants and older natural gas plants and is a partner in offshore wind developments.

The White House has not specified what levels of solar, wind or other renewable energy would be required under its plan, leaving that to talks with members of Congress. Biden has said he wants a carbon-free electricity grid by 2035, so the proposed standard will probably be large.

University of Chicago economics professor Michael Greenstone noted that the Biden proposal would include nuclear and hydropower, which are not typically part of state renewable portfolio standards. “A policy that treats all carbon-free sources equally is likely to perform much better,” he said.

The Republican National Committee put out a news release attacking the new programs before Biden had started speaking. “It’s no secret Joe Biden loves killing jobs,” the release said. “While Biden destroys jobs, all he has to offer is a phony plan full of false promises, burdensome regulations, and higher taxes.”

Biden did not hold back on spending requests. He also plans to ask Congress to provide \$174 billion to boost the U.S. market share of electric vehicles and their supply chains, from raw materials to retooled factories. He reiterated that he wants to establish 500,000 electric vehicle charging stations by 2030 and electrify 20 percent of the nation’s yellow school buses.

Biden also requested \$10 billion for a new Civilian Climate Corps, a name designed to echo President Franklin D. Roosevelt's Civilian Conservation Corps. Biden's version would hire an army of young people to work on projects that conserve and restore public lands and waters, increase reforestation, increase carbon sequestration through agriculture, protect biodiversity, improve access to recreation, and build resilience to climate change.

The president called on Congress to provide \$35 billion in pursuit of a breakthrough technology that would address the climate crisis and boost the climate equivalent of the Defense Advanced Research Projects Agency, whose defense and energy versions have been popular on Capitol Hill. He also asked for \$15 billion for climate-related demonstration projects.

The search for a breakthrough technology, or a climate moonshot, has attracted support from some well-known tech titans. Microsoft co-founder Bill Gates in 2015 founded Breakthrough Energy, whose board includes Jeff Bezos, founder of Amazon and owner of The Washington Post.

Breakthrough Energy Executive Vice President Mike Boots said in a phone interview that Biden's plan provides a blueprint for commercializing and scaling up existing clean energy innovations as well as nascent ones. "We need the scale of resources that he's talking about," he said.

Boots, who chaired the White House Council on Environmental Quality during the Obama administration, added that in addition to funding demonstration projects, the federal government could leverage its purchasing power to cut the cost of existing technology, including the production of hydrogen fuel by splitting water molecules or capturing carbon from the air or producing sustainable aviation fuel.

"Those are technologies that are ready to go; they're just a little too expensive," he said.

Transmission lines also are part of Biden's plan. He would create a Grid Deployment Authority at the Energy Department to speed the use of existing rights of way along roads and railways. And he would help create financing tools to spur additional high-priority, high-voltage transmission lines. Last week, Sen. Martin Heinrich (D-N.M.) introduced a bill to provide tax credits for transmission lines.

The transmission tax credit and other policies in the Biden infrastructure plan would enable a couple dozen large-scale transmission projects to move forward in the near term, Gramlich said. "The biggest barrier to large-scale transmission, even more than siting and permitting, is that there is currently no functioning way to recover costs of the large-scale inter-regional 'highways' that we need."

The White House is proposing \$400 billion in tax credits over the next decade, though it is not counting that figure in its tally of the overall infrastructure bill's cost. Still, those provisions — which include pairing investments in 15 decarbonized hydrogen demonstration projects in distressed communities with a new production tax credit — would bolster projects such as solar panels on residential homes.

Whitehouse (D-R.I.) and conservative Sen. John Barrasso (R-Wyo.).

Whitehouse praised the infrastructure bill's climate components Wednesday, adding that the key question on any of these policies was what they did to cut the nation's carbon output. "The climate test that matters is Mother Nature's: reducing emissions enough to avoid warming greater than 1.5 degrees Celsius, beyond which point the damages from climate change become catastrophic," he said.

Biden is also asking for \$16 billion to put "hundreds of thousands" of people to work plugging hundreds of thousands of "orphan" oil and natural gas wells that were largely abandoned after their useful life but which now leak methane, a greenhouse gas 20 times more potent than carbon dioxide.

Speaking to reporters last week during his first news conference, the president said the effort could provide a new source of employment for men and women working in the fossil fuels industry right now. "And, by the way, we can put as many pipe fitters and miners to work capping those wells at the same price that they would charge to dig those wells," he said.

That initiative, along with other provisions in the plan aimed at boosting union employment, won plaudits from labor leaders.

"Congress can, and absolutely should, include the kind of labor standards the president has called for when it considers legislation to provide federal investments for the clean energy sector," Terry O'Sullivan, general president of the Laborers' International Union of North America, said in an email. "The clean energy industries need to understand that if they want federal assistance to bolster their bottom line, workers shouldn't be left behind."
