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EDITOR'S NOTE: SOLUTIONS

Steven A. Meyerowitz

**BIDEN ADMINISTRATION AND CONGRESS
FOCUS ON METHANE EMISSIONS**

Kevin T. Crews, Robert S. Fleishman,
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**HYDROGEN: A CLEAN SOLUTION TO HEAVY-
DUTY DIESEL TRANSPORTATION**

Nicolas Borda and Karim Al-Hassan

**PROPOSED BUILD BACK BETTER ACT
PROVIDES SIGNIFICANT FUNDING FOR CLEAN
ENERGY AND CLIMATE INITIATIVES**

Timothy C. Brightbill, Laura El-Sabaawi,
Christopher B. Weld and Theodore P. Brackemyre

**ENVIRONMENTAL LAWS AND REGULATIONS
AFFECTING U.S. OFFSHORE WIND**

Seth Kerschner and Brittany Curcuru

**WINTER WEATHER READINESS REQUIREMENTS
FOR GENERATION ENTITIES IN TEXAS**

James F. Bowe, Jr., Craig Stanfield and
Tyler R Brown

**NAVIGATING THE LANDSCAPE OF
ESG-RELATED SHAREHOLDER LITIGATION**

Bruce A. Ericson, Ari M. Berman,
David Oliwenstein, Kimberly D. Jaimez and
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1

Biden Administration and Congress Focus on Methane Emissions

Kevin T. Crews, Robert S. Fleishman, Jonathan E. Kidwell and

Jennifer C. Cornejo

3

Hydrogen: A Clean Solution to Heavy-Duty Diesel Transportation

Nicolas Borda and Karim Al-Hassan

11

Proposed Build Back Better Act Provides Significant Funding for Clean Energy and Climate Initiatives

Timothy C. Brightbill, Laura El-Sabaawi, Christopher B. Weld and

Theodore P. Brackemyre

17

Environmental Laws and Regulations Affecting U.S. Offshore Wind

Seth Kerschner and Brittany Curcuru

20

Winter Weather Readiness Requirements for Generation Entities in Texas

James F. Bowe, Jr., Craig Stanfield and Tyler R Brown

30

Navigating the Landscape of ESG-Related Shareholder Litigation

Bruce A. Ericson, Ari M. Berman, David Oliwenstein, Kimberly D. Jaimez and

Roland C. Reimers

35

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Editorial Office
230 Park Ave., 7th Floor, New York, NY 10169 (800) 543-6862
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Proposed Build Back Better Act Provides Significant Funding for Clean Energy and Climate Initiatives

*By Timothy C. Brightbill, Laura El-Sabaawi, Christopher B. Weld and Theodore P. Brackemyre**

In this article, the authors review the variety of clean energy and climate programs proposed to receive significant funding under the Biden administration's Build Back Better Act.

On October 28, 2021, President Joe Biden announced¹ a new framework for his Build Back Better legislation, which provides funding for a wide array of programs, including education, labor, child care, health care, tax, immigration, and environmental policies. The bill proposes approximately \$1.75 trillion in new spending, more than \$550 billion of which would be dedicated to investments in clean energy and other climate initiatives.

The Biden administration has characterized the legislation as the “largest effort to combat climate change in American history.” The White House also states that the legislation will ensure that clean energy technology will be built in the “United States with American made steel and other materials” and will “boost the competitiveness of existing industries, like steel, cement, and aluminum, through grants, loan, tax credits, and procurement to drive capital investment in the decarbonization and revitalization of American manufacturing.”

The Build Back Better Act was first introduced in the U.S. House of Representatives on September 27, 2021. The current iteration of the bill was developed in conjunction with Senate Democrats, specifically Senators Krysten Sinema (D-AZ) and Joe Manchin (D-WV), who had previously opposed aspects of the plan. The bill text² and a section-by-section summary³ of the legislation are available online.

The proposed legislation provides significant funding for a variety of clean energy and climate programs. Key provisions are summarized below.

* Timothy C. Brightbill, Laura El-Sabaawi and Christopher B. Weld are partners in Wiley Rein LLP. Theodore P. Brackemyre is an associate at the firm. The authors may be contacted at tbrightbill@wiley.law, l-el-sabaawi@wiley.law, cweld@wiley.law and tbrackemyre@wiley.law, respectively.

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/28/president-biden-announces-the-build-back-better-framework/>.

² <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR5376RH-RCP117-17.pdf>.

³ https://rules.house.gov/sites/democrats.rules.house.gov/files/Section_by_Section_BBB.pdf.

GREEN ENERGY

Renewable Electricity

The Build Back Better Act funds numerous initiatives aimed at renewable electricity and reducing the country's carbon footprint. For example, the bill extends and modifies the production tax credit for electricity produced from renewable sources. Specifically, the credits for wind and solar energy are extended through 2026. The legislation also extends the corresponding investment tax credit, which provides credits for certain clean energy investments. Qualifying investments include solar, wind, and geothermal energy projects, as well as energy storage technologies, biogas converters, dynamic glass, linear generators, and microgrid controllers. Enhanced incentives are also provided for solar and wind facilities servicing low-income communities.

Additionally, the bill extends the tax credit for carbon monoxide and carbon dioxide capture and sequestration facilities, and it provides a tax credit for electricity production from qualified nuclear power facilities.

Advanced Manufacturing Credits

The legislation creates production and investment tax credits for certain advanced manufacturing facilities and products, which include solar polysilicon, wafers, cells, and modules, as well as wind blades, nacelles, towers, and offshore foundations.

The bill also revives the advanced energy project tax credit, allocating up to an additional \$5 billion annually for projects that reduce greenhouse gas emissions in manufacturing facilities by at least 20 percent.

Renewable Fuels

The proposed legislation extends incentives for biodiesel, renewable diesel, and other alternative fuels, and it introduces a sustainable aviation fuel credit. The plan further creates a tax credit for the production of clean hydrogen.

The bill also contains a clean fuel production tax credit that creates a technology-neutral incentive for the domestic production of clean fuels.

Offshore Wind

The bill directs the U.S. Department of the Interior to increase offshore wind lease sales in federal waters.

ENERGY EFFICIENCY

The plan contains various provisions supporting clean energy programs, such as:

- More than \$6 billion for home energy efficiency retrofits and more than

\$6 billion for high-efficiency electric home projects;

- \$3 billion for loans concerning the development of the advanced technology vehicles (e.g., trains, ships, aircraft, and hyperloop technology);
- \$3.5 billion for domestic manufacturing conversion grants for the domestic production of electric and hydrogen vehicles and components;
- \$5 billion for low-carbon reinvestments in energy communities;
- \$2 billion for constructing new high-capacity electricity transmission lines; and
- \$4 billion for installing advanced industrial technology at energy-intensive industrial and manufacturing facilities.

The proposal also provides various tax credits for individuals and commercial businesses for making energy efficiency improvements.

CLEAN AIR

The proposed legislation includes several provisions aimed at reducing air pollution, including:

- \$3.5 billion for grants to reduce air pollution at ports;
- \$5 billion for clean heavy-duty vehicles;
- \$29 billion for the development of low- and zero-emissions technologies; and
- \$5 billion for greenhouse gas reduction grants.

LEAD PIPE REMEDIATION

The bill provides \$9 billion for lead remediation projects, including lead service line replacement funding.

ENVIRONMENTAL JUSTICE

The plan provides \$3 billion for investments in community-led projects to address disproportionate environmental and public health harms related to pollution and climate change.

CONCLUSION

It also includes \$1 billion annually for environmental justice higher education programs.

In addition to the new Build Back Better proposal from the Biden administration, the bipartisan Infrastructure Investment and Jobs Act has become law; it includes funding for a variety of clean energy and climate change initiatives.