



MEMORANDUM

March 16, 2021

To: Subcommittee on Environment and Climate Change Members and Staff

Fr: Committee on Energy and Commerce Staff

Re: Legislative Hearing on “The CLEAN Future Act: Industrial Climate Policies to Create Jobs and Support Working Communities”

On **Thursday, March 18, 2021, at 11 a.m. (EDT) via Cisco Webex online video conferencing**, the Subcommittee on Environment and Climate Change will hold a legislative hearing entitled, “The CLEAN Future Act: Industrial Climate Policies to Create Jobs and Support Working Communities.” The hearing will focus on provisions in Titles V, VIII, and X of H.R. 1512, the “Climate Leadership and Environmental Action for our Nation’s Future Act” or the “CLEAN Future Act.”

I. BACKGROUND

Chairmen Pallone (D-NJ), Tonko (D-NY), and Rush (D-IL) introduced H.R. 1512, the “CLEAN Future Act” on March 2, 2021. In the 116th Congress, the Subcommittee on Environment and Climate Change held a series of hearings regarding select pathways toward reaching a 100 percent clean economy by no later than 2050. Those hearings, among others, formed the basis for the CLEAN Future Act, which was initially released as a discussion draft on January 28, 2020. As introduced, H.R. 1512 includes provisions focused on decarbonizing the industrial sector, supporting global competitiveness of domestic manufacturing, creating jobs, and promoting a just transition for communities bearing the brunt of an evolving economy.

A. Decarbonizing the Industrial Sector

On September 18, 2019, the Subcommittee on Environment and Climate Change held a hearing on the challenges and opportunities associated with reducing greenhouse gas (GHG) emissions from the U.S. industrial sector.¹ The wide-ranging industrial sector spans hundreds of subsectors, including energy-intensive ones such as refining as well as the production of iron and steel, cement, chemicals, glass, and aluminum. Industrial emissions come from a diverse mix of heat production, power generation, and chemical reactions, and that mix varies widely across individual subsectors and facilities. According to the most recent data from the Environmental Protection Agency (EPA), the industrial sector contributes 22.8 percent of total U.S. GHG

¹For further information on the industrial sector, please see the September 2019 hearing memorandum, available [here](#).

emissions, making it the third largest source.² When accounting for indirect emissions associated with electricity generated for the industrial sector, that figure rises to 29.6 percent of total U.S. GHG emissions.³

Experts agree that to make progress on ambitious climate goals, there must be a diverse array of solutions for the industrial sector.⁴ Technological innovation in the industrial sector is also important; however, many tools are already available to effectively reduce emissions while creating jobs. To that end, Congress enacted industrial focused policies in the Energy Act of 2020, including carbon capture utilization and management programs, a combined heat and power (CHP) assistance partnership program, a National Smart Manufacturing Plan, and a motor rebate program.⁵

The CLEAN Future Act builds on those programs by including in Title V a Federal Buy Clean Program that sets performance targets to steadily reduce GHG emissions from construction materials and products used in federally-funded projects. This program would incentivize the development and use of low-emissions materials and products for infrastructure projects to strengthen the competitiveness of the U.S. manufacturing sector and expand the market for cleaner products.⁶

Another financial incentive, found in Title VIII, Subtitle B of the CLEAN Future Act, is a Clean Energy and Sustainability Accelerator (the Accelerator), capitalized with \$100 billion to help states, cities, communities, and businesses transition to a clean energy economy. The Accelerator is based on the “green bank” model that has been deployed successfully across the

² U.S. Environmental Protection Agency, *DRAFT Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990-2019* (Feb. 12, 2021) (EPA 430-R-21-001).

³ *Id.*

⁴ At the September 2019 hearing, witnesses recommended support for the broad deployment and commercialization of technologies like CCUS, CHP and low-carbon fuels; and suggested creating markets for low-carbon products and using government procurement to reduce emissions while strengthening the global competitiveness of U.S. manufacturers. See, e.g., House Committee on Energy and Commerce, *Hearing on Building a 100 Percent Clean Economy: Pathways to Net Zero Industrial Emissions* (116th Cong.) (Sept. 18, 2019).

⁵ Pub. L. No. 116-260 (2020); Majority Staff, House Committee on Energy and Commerce, *The CLEAN Future Act – Updates to Discussion Draft Based on Feedback from Stakeholders & Committee Testimony* (energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/CLEAN%20Future%20Act%20Fact%20Sheet%20FINAL.pdf); House Committee on Energy and Commerce, *Pallone & Rush Highlight Clean Energy and Pipeline Safety Wins in Omnibus* (Dec. 21, 2020) (press release).

⁶ ClimateWorks Foundation, *Build Clean: Industrial Policy for Climate and Justice* (Dec. 17, 2020); BlueGreen Alliance, *Clean Infrastructure: BUY CLEAN* (accessed Mar. 11, 2021) (www.bluegreenalliance.org/work-issue/buy-clean/).

United States.⁷ It is designed to leverage public and private funds to provide financing for low- and zero-emissions energy technologies; building efficiency and electrification; industrial decarbonization; and climate-resilient infrastructure, among other things.

Title VIII authorizes the Accelerator to provide financing through debt, credit enhancements, aggregation and warehousing, equity capital, and other financial products approved by its Board of Directors. In addition, its Startup Division will provide technical assistance and startup operating funds to launch new state and local green banks where they do not yet exist. The bill also authorizes the Accelerator to consider establishing a loan program to support schools, metropolitan planning organizations, or nonprofit organizations seeking financing for zero-emissions vehicle fleets and related infrastructure, as well as a program to expedite the transition to zero-emissions electricity generation in the power sector.

Title VIII requires the Accelerator to prioritize investments in communities disproportionately affected by the impacts of climate change and other environmental hazards. The bill ensures that at least 40 percent of its investment activity serve those communities. The legislation also requires all investments be accompanied by strong labor protections, including prevailing wage standards and project labor agreements for projects with capital costs greater than \$100 million.

In addition to policies already included in the bill, additional new industrial policy proposals could further accelerate the sector's decarbonization. These new policy proposals include expanding block grant funding for states to support industrial efficiency; innovation for low-carbon heat; industrial decarbonization demonstration projects; clean product standards; and financial incentives for low-carbon renewable thermal technologies like geothermal and green hydrogen.⁸

⁷ See, e.g., Coalition for Green Capital, *Clean Energy Accelerator* (accessed Mar. 11, 2021) (coalitionforgreencapital.com/accelerator/); Brattle, *Clean Energy and Sustainability Accelerator* (Jan. 14, 2021) (brattlefiles.blob.core.windows.net/files/20809_clean_energy_and_sustainability_accelerator.pdf); Third Way, *The Accelerator: Funding Our Clean Energy Future* (Feb. 11, 2021) (www.thirdway.org/memo/the-accelerator-funding-our-clean-energy-future); and Analysis Group, *Accelerating Job Growth and an Equitable Low-Carbon Energy Transition: The Role of the Clean Energy Accelerator* (Jan. 14, 2021) (www.analysisgroup.com/globalassets/insights/publishing/2021-ag-white-paper-on-cgc-accelerator-full-paper.pdf).

⁸ See, e.g., Jeffrey Rissman et al, *Technologies and policies to decarbonize global industry: Review and assessment of mitigation drivers through 2070*, Applied Energy (May 15, 2020); Industrial Innovation Initiative, *Industry Policy Options for Inclusion in COVID-19 Economic Recovery Legislation* (July 23, 2020) (www.betterenergy.org/wp-content/uploads/2020/07/i3-Economic-Recovery-Recommendations-2.pdf); ClimateWorks Foundation, *Build Clean: Industrial Policy for Climate and Justice* (Dec. 17, 2020); C2ES, *Climate Policy Priorities for the New Administration and Congress* (Jan. 2021)

B. Supporting Workers and Communities Undergoing Energy Transitions

Many communities with strong economic ties to fossil energy extraction and production have undergone economic disruptions in recent years because of energy trends. For example, cheap natural gas and the rapidly declining cost of renewable energy have steered energy use away from coal; over the last decade, there has been a 40 percent decline in coal-fired power generation, and over 100,000 coal jobs have been lost since the mid-1980s.⁹ The coronavirus disease of 2019 (COVID-19) pandemic has exacerbated this disruption because of the general economic downturn and the associated lack of demand for energy jobs.¹⁰ The move to a 100 percent clean economy by 2050 may contribute to additional energy transitions affecting workers and communities reliant on fossil fuel industries.

To help ensure that no communities are left behind in the transition, the CLEAN Future Act includes provisions to support and protect workers, and to provide financial assistance to local governments. These provisions include federal, State, local, and Tribal coordination efforts, grant programs to mitigate revenue loss, and community-based transition hubs to help workers and communities directly. Specifically, Title X of the CLEAN Future Act establishes an Office of Energy and Economic Transition in the Executive Office of the President to coordinate federal activities concerning worker and community transition. This title also creates a program to provide financial assistance to local governments that have lost significant revenue due to the energy transition. In addition, Title X authorizes funding for one-stop, community-based organizations in affected communities to advise workers and communities, conduct education and outreach activities, and facilitate enrollment in education and training programs.

(www.c2es.org/site/assets/uploads/2021/01/Climate-Policy-Priorities-for-the-New-Administration-and-Congress.pdf); Information Technology & Innovation Foundation, *Building Back Cleaner With Industrial Decarbonization Demonstration Projects* (Mar. 8, 2021) (itif.org/publications/2021/03/08/building-back-cleaner-industrial-decarbonization-demonstration-projects); Columbia University, Center on Global Energy Policy, *Low-Carbon Heat Solutions for Heavy Industry: Sources, Options, and Costs Today* (Oct. 2019) (www.energypolicy.columbia.edu/sites/default/files/file-uploads/LowCarbonHeat-CGEP_Report_100219-2_0.pdf); Renewable Thermal Collaborative, *Low-Carbon Renewable Thermal Technology Solutions* (Feb. 2021) (www.renewablethermal.org/wp-content/uploads/2018/06/Low-Carbon-Renewable-Thermal-Technology-Solutions-3.1.21.pdf); Renewable Thermal Collaborative, *Electrifying U.S. Industry: A Technology- and Process-Based Approach to Decarbonization* (Jan. 2021) (www.renewablethermal.org/wp-content/uploads/2018/06/Electrifying-U.S.-Industry-2.1.21-1.pdf).

⁹ Environmental Defense Fund, *How the clean energy transition affects workers and communities* (Aug. 11, 2020) (www.edf.org/how-clean-energy-transition-affects-workers-and-communities).

¹⁰ *Policy Options for an Equitable Transition to a Low-Emissions Future*, Resources (Aug. 4, 2020).

II. WITNESSES

The following witnesses have been invited to testify:

Rebecca Dell, Ph.D.

Director, Industry Program
ClimateWorks Foundation

Bob Perciasepe

President
Center for Climate and Energy Solutions (C2ES)
On behalf of the Renewable Thermal Collaborative

Kevin Sunday

Director of Government Affairs
Pennsylvania Chamber of Business and Industry

Jason Walsh

Executive Director
BlueGreen Alliance