To: Interested Parties
From: Evergreen Action Policy Team
Date: Tuesday, August 9th, 2022 ***(Last Updated August 9, 2022)***
RE: Evergreen Explains: The Climate Impact of the Inflation Reduction Act

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The U.S. Senate has passed the Inflation Reduction Act of 2022 (IRA), advancing historic investments in confronting climate change and building America's clean energy economy. This legislation will fight inflation by driving down energy costs, provide economic opportunity and capacity-building investments in disadvantaged communities, create good jobs, and give the U.S. a fighting chance of cutting greenhouse gas pollution in line with President Joe Biden's commitments. **House Democrats must swiftly follow suit to get the IRA to the president's desk for his signature.**

At the same time, the IRA represents a compromise reached after a lengthy and difficult negotiation. As such, this package is not a silver bullet to combatting the climate crisis or addressing environmental justice. Many vulnerable communities will continue to be harmed by fossil fuel extraction, particularly BIPOC communities in the Gulf South and Alaska. But the investments in this bill will help prevent the worst of the climate crisis, and will transform the American economy to run on less polluting sources of energy. This package of nearly $370 billion in federal climate investments represents a historic breakthrough and an essential down payment towards building a more just and thriving clean energy economy.

According to an analysis from Senate Majority Leader Schumer's office, the IRA would cut climate pollution by 40% below 2005 levels by 2030. A separate independent analysis, conducted by the Rhodium Group, offers a 37.5% reduction as its central estimate for emissions reduction by 2030. A third analysis, conducted by the firm Energy Innovation, found a central estimate of a 39% reduction in emissions by 2030, and that "further, for every ton of emissions increases generated by IRA oil and gas provisions, at least 24 tons of emissions are avoided by the other provisions." And a fourth analysis, by the Rapid Energy Policy Evaluation and Analysis Toolkit (REPEAT) Project at Princeton University, found that the IRA would deliver a 41% reduction in emissions by 2030.

Furthermore, expert analysts also point to this bill delivering massive economic and public health benefits. The IRA would reduce inflation, according to Moody's Analytics and other economic experts, and help Americans cut their energy costs by

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$200-$1000 per year by 2030, according to Resources for the Future and Rhodium. An analysis commissioned by the BlueGreen Alliance, from the Political Economy Research Institute (PERI) at the University of Massachusetts Amherst, found that the bill would grow the workforce by 9 million jobs over the coming decade. And the aforementioned Energy Innovation analysis showed the IRA would help prevent up to 3,900 premature deaths by 2030.

These analyses show that the IRA, evaluated as a whole, would deliver enormous progress toward meeting U.S. climate goals, and in building a just and thriving clean energy economy. The IRA, combined with greater federal executive action and continued leadership from state and local governments, could put the U.S. on the path to meeting President Biden's target of a 50-52% reduction in climate pollution by 2030. This bill is a compromise, but it is also necessary.

This memo lays out the toplines of this budget reconciliation legislation, with standout policies in key economic sectors and policy areas. From clean energy tax credits and consumer rebates, to programs advancing environmental justice and domestic advanced energy manufacturing, the IRA takes a comprehensive approach to investing in America's clean energy future. **House Democrats must pass the Inflation Reduction Act without delay.**

Clean Electricity

Cleaning up the power sector is the first linchpin to decarbonizing the economy, especially as other sectors, like transportation and buildings, increasingly rely on electricity to power their needs. President Biden has pledged to achieve 100% carbon-free power by 2035, and the substantial investments in the IRA—especially new and extended tax credits for clean energy—will be essential in keeping that target within reach.

- **Clean Energy Tax Credits** — The key driver of decarbonization and lower consumer energy costs in the IRA is the long-term extension, and expansion, of clean electricity tax credits. As Evergreen has noted, clean energy tax credits are an essential part of budget reconciliation legislation in this Congress. The bill extends the current federal investment and production tax credits (ITC and PTC) for solar and wind energy through 2024—estimated at $65 billion—and establishes a new technology-neutral ITC and PTC for all zero-carbon (and some very low-carbon) electricity generation technologies from 2025-2032, estimated at $62 billion. Larger credits are available for projects that pay prevailing wages and use domestic materials, to ensure support for high-quality American jobs, and for projects that are located in low-income

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communities and communities historically dependent upon fossil fuel jobs—provisions for which Evergreen has advocated. The bill also includes a "direct pay" option for non-profit and governmental entities, and an option to transfer credits to a third party—key reforms that make these critical tax incentives more accessible. The bill also includes new tax credits aimed to support grid energy storage, and to keep nuclear power plants online (which currently provide half of all carbon-free power in the U.S.). The IRA also provides $37 billion in clean energy incentives for individuals, including the 25D tax credit for residential rooftop solar. Meanwhile, a transmission investment tax credit, which had been sought by many advocates and companies, was not included in the final package. Overall, these incentives could more than triple U.S. clean power production, which would drive retirements of fossil fuel power plants and reduce climate and conventional air pollutants, including in fenceline communities.

- **DOE Loan Guarantees** — The bill includes $8.6 billion for Department of Energy (DOE) loan guarantees, enabling $290 billion in loan guarantee authority. The DOE Loan Guarantee Program is a powerful tool for leveraging major private sector investment in clean and innovative energy technologies, especially for grid decarbonization. These investments include $5 billion for energy infrastructure loan guarantees, enabling $250 billion in loan guarantee authority, and $3.6 billion for clean energy loan guarantees, which enables $40 billion in loan guarantee authority.
- **Rural Electricity Investments** — The IRA includes $12.8 billion to help rural communities deploy more clean energy, including $9.7 billion for U.S. Department of Agriculture (USDA) loans to rural electric cooperatives to obtain renewables and other carbon-free energy. A further $3 billion is available for rural energy loans and grants for renewable energy, including through the USDA Rural Energy for America Program.
- **Electric Transmission Investments** — While the IRA does not include an investment tax credit for transmission, it does include over $3 billion for transmission infrastructure. That includes $2 billion for transmission loans at DOE, $760 million in grants to states to facilitate transmission siting, and $100 million for interregional and offshore transmission planning. The bill also allocates $375 million to hire personnel at DOE, the Federal Energy Regulatory Commission (FERC), and the Department of Interior (DOI) to process environmental permitting applications, which can help to facilitate transmission development across the U.S.

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Clean Transportation

The transportation sector contributes the greatest share of greenhouse gas pollution in this country, along with major contributions to local air pollution that results in harmful health outcomes for Americans—especially communities of color, low-income, and Indigenous communities. The IRA will make significant investments in curbing transportation pollution by addressing emissions from the most-polluting sources in the sector, such as both light- and heavy-duty vehicles, and ports. And it will help to grow U.S. leadership in manufacturing the clean cars that will dominate the 21st-century global economy. Last year, Evergreen called on Congress to include critical clean vehicle investments in budget reconciliation legislation.

- **Electric Vehicle Tax Credits** — The IRA provides consumer tax credits to allow eligible individuals to receive up to $7,500 off the purchase of a new EV, or $4,000 off a used vehicle. This bill prioritizes low and medium-income consumers, and affordable electric vehicles, by establishing an income cut-off for credit recipients. Cars and light-duty trucks are the largest sourceS of the most climate-polluting sector of the economy. Therefore, providing greater access for average Americans to switch to electric vehicles is a critical step toward meeting national emissions reduction targets, and reducing local air pollution.
- **Clean Heavy Duty Vehicles** — The IRA contains $1 billion for investment in zero-emission heavy-duty vehicles, as well as related infrastructure and workforce development. Of these funds, $400 million will be allocated specifically to areas that do not meet air quality standards, which are historically low-income, Black, Brown, and Indigenous communities. Heavy-duty vehicles make up over a quarter of transportation pollution and contribute greatly to pollution like particulate matter and nitrogen oxides that create smog and soot. Getting more clean trucks and buses on the road is necessary to curbing transportation pollution in the coming years.
- **Grants to Reduce Air Pollution At Ports** — The bill provides $3 billion for zero emissions port equipment and the development of climate action plans. 40% of these funds are set aside for areas that do not meet air quality standards. Ports tend to be pollution hot spots because of all the heavy-duty vehicles and ships that are required to move goods in and out. These investments will help confront that challenge by transitioning port equipment and vehicles to zero-emissions technology.
- **Federal Government Clean Vehicle Fleets** — The bill provides $9 billion for federal government procurement of clean technologies, including $3 billion for the USPS to purchase ZEVs, and associated infrastructure. The USPS is one of the largest civilian fleets in the world with over 230,000 vehicles, which means

electrification will have a major impact–for local communities and the climate alike.

- **Investments in Domestic Clean Vehicle Manufacturing** — The bill appropriates $2 billion for the Domestic Manufacturing Conversion Grants program, supporting the domestic production of hybrid, plug-in electric, and hydrogen fuel cell electric vehicles. This financial support will be critical for auto manufacturers retooling operations toward zero-carbon vehicles. The IRA also provides an investment of $3 billion into the DOE Advanced Technology Vehicle (ATVM) Loan Guarantee Program for the costs of providing loans supporting clean vehicle manufacturers, and removes the $25 billion cap on loan authorization authority.
- **Sustainable Aviation Fuels Tax Credit** — The IRA also creates a new tax credit for Sustainable Aviation Fuels (SAF). Lower-carbon fuels are likely the best short-term option for progress toward decarbonizing the aviation sector. To support these emerging technologies, this SAF Tax Credit will provide up to $1.75 per gallon of fuel that reduces aviation emissions by 50% or more. In addition to confronting greenhouse gas pollution, this credit can help facilitate the expansion of domestic low-carbon fuels industries and jobs, boost rural economies, and improve air quality around airports.

Clean Buildings

The built environment is America's fourth-largest source of climate pollution, accounting for 13% of national greenhouse gases. The vast majority of this pollution comes from inefficient, fossil fuel-burning appliances. Building energy use is also a major driver of the rising energy costs facing Americans—particularly in their homes. And the sector provides a powerful opportunity for investment in economic opportunity and revitalization, with good jobs. The IRA will seize on those opportunities through a suite of tax credits, rebates, and investments driving electrification and energy efficiency in residential and commercial buildings. These investments track with recommendations that Evergreen has put forward to Congress on investments for clean and affordable buildings in budget reconciliation legislation.

- **Rebates for Home Electrification & Energy Efficiency** — The IRA invests in new programs that provide $9 billion in rebates to Americans for high-efficiency electric appliances, and for whole-home home energy retrofits. Half the funding—$4.5 billion—available through the High-Efficiency Home Electric Home Rebate Program will enable roughly one million low- and moderate-income households to go electric, according to Rewiring America. The other $4.5 billion is allocated for efficiency and electrification rebates

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under the Home Energy Performance-Based, Whole-House Rebates program. These rebates will help low-income households cover the full cost of a heat pump installation for space heating, up to a cap of $8,000. There are also incentives for heat pump water heaters, electric stoves including induction, electric clothes dryers, breaker box upgrades, electrical wiring upgrades, and insulation and sealing. For moderate-income households, the same rebates are available to cover 50 percent of the costs.

- **Residential Energy Efficiency Tax Credit** — The IRA extends the 25C Residential Energy Efficiency Tax Credit for a decade, and updates it to include new standards for efficient and electrified appliances for home installation. The extended credit will directly benefit homeowners seeking to cut their utility bills and reduce indoor air pollution from fossil gas appliances.
- **Tax Incentives for Energy Efficiency in Commercial Buildings and New Homes** — The IRA increases the 179D deduction for properties that achieve higher levels of efficiency, which Evergreen called for in September 2021. The bill also provides another boost for projects that meet prevailing wage requirements for any involved contractors and subcontractors. The bill also contains the New Energy Efficient Home Tax Credit, 45L, and increases credit amounts for participants in Energy Star programs, strengthens its efficiency standards, and boosts credit allocations for projects that meet prevailing wage requirements.
- **Efficiency and Resilience Investments in Affordable Housing** — The IRA directs $1 billion to grants and loans for improving energy efficiency, water efficiency, and climate resilience in affordable housing. These investments will lower utility bills and ensure climate disaster preparedness in our most vulnerable low-income communities.
- **Funding for Federal Green Buildings** — The bill provides $250 million to convert federal buildings into high-performance green buildings. High-performance green buildings result in lower water and energy use, which reduces operating costs and results in less landfill waste. With over 376 million square feet of building space operated by the federal government, this investment is an important step toward decarbonizing the built environment.

Clean Manufacturing and Industrial Decarbonization

The IRA makes substantial investments, of over $60 billion, in boosting clean and competitive American manufacturing, cleaning up high-polluting industrial processes. The full suite of manufacturing and industrial investments would strengthen domestic supply chains, create good jobs, and tackle carbon pollution from one of the hardest-to-abate sectors.

- **Clean Energy Manufacturing Tax Credits** — The IRA includes a reauthorization of the Section 48C Advanced Energy Manufacturing Tax Credit, for which Evergreen has advocated since its inception, with the Evergreen Action Plan. The IRA extends the credit, dedicates 40% of funds to legacy coal communities, and adds a boost for projects that meet prevailing wage and apprenticeship requirements. The IRA also establishes manufacturing production tax credits to accelerate U.S. manufacturing of solar panels, wind turbines, batteries, and critical minerals processing, estimated to invest $30 billion in these industries. These credits are all vital for building out domestic clean energy supply chains, for greater economic opportunities and energy security for Americans. The production tax credits are essential to onshoring and expanding domestic supply chains for clean energy technologies that are critical in the 21st century economy.

- **Advanced Industrial Facilities Deployment Program** — The IRA appropriates more than $5.8 billion to DOE's Office of Clean Energy Demonstrations to support the installation of efficient, climate-smart equipment at high-polluting industrial facilities, like cement plants and steel refineries.

- **Methane Emissions and Waste Reduction Incentive Program** — Methane is a powerful planet-warming pollutant that scientists hold responsible for a significant amount of near-term climate change impact. And the Methane Emissions and Waste Reduction Program would incentivize oil and gas companies to cut their emissions of this potent greenhouse gas, and place a fee on those companies that don't—starting at $900 per ton in 2023, and reaching $1500/ton in 2025. This program will help make industry responsible for cleaning up its act, raise revenue for the federal government, and will complement EPA's regulatory efforts in years to come.

- **Enhanced use of Defense Production Act of 1950** — The IRA appropriates $500 million to support applications of the Defense Production Act. President Biden recently directed DOE to support the manufacturing of several critical clean energy technologies under the DPA, including heat pumps, grid components, and solar panels, among others. The additional funding should back those new DOE initiatives for loans, grants, equipment installations, and other aid for clean tech manufacturers onshoring key elements of their supply chain.

- **Industrial Decarbonization Tax Credits** — Among the tax credits created and extended in the IRA are those supporting clean hydrogen production, and carbon capture, utilization and sequestration—two credits that could drive decarbonization of industrial processes and facilities. A new Clean Hydrogen Production Tax Credit, estimated at $13 billion, is established to support hydrogen production that meets certain lifecycle greenhouse gas pollution standards. And the existing 45Q Carbon Capture Tax Credit is extended over the coming decade and expanded to support Direct Air Capture technologies.

Climate-Smart Agriculture & Forestry, and Conservation

America's farms, lands, and waters have the potential to be powerful natural carbon sinks. But when agricultural lands and forests are used or forced into unsustainable practices, they become a potent source of climate pollution. In 2020, the agricultural sector made up roughly 11% of America's greenhouse gas pollution. The IRA attempts to tackle agricultural emissions like methane, while also investing in forests, oceans, and lands as enhanced carbon sinks.

- **Agricultural Conservation Investments** — The IRA injects $20 billion into various agriculture conservation programs, including the Environmental Quality Incentives Program (EQIP) to reduce methane emissions, improve soil carbon, and sequester carbon pollution, as well as the Regional Conservation Partnership Program (RCPP), Conservation Stewardship Program (CSP), and an agriculture conservation easement program. The bill also provides $1.3 billion in conservation technical assistance.
- **National Forest System Restoration and Fuels Reduction Projects** — The bill will use $2.15 billion to support wildfire management via hazardous fuels reduction projects, as well as national forest system restoration, including projects that protect carbon-sequestering and biodiverse old-growth forests.
- **State and Private Forestry Conservation Programs** — The bill will channel $2.2 billion into state and private conservation programs, including tree planting activities and urban and community forestry programs that will help cool our cities. Competitive grants will prioritize applications that offer significant natural carbon sequestration benefits or provide benefits to underserved communities. This program will increase the tree canopy in urban areas, which reduces the impact of urban heat island effect, improves air quality, and even provides health benefits such as lower blood pressure and reduced stress. Increasing tree cover in urban areas can also lower utility bills due to reduced energy use according to the USDA Forest Service.
- **Investing in coastal communities and community resilience** — The IRA appropriates $2.6 billion to the National Oceanic and Atmospheric Administration (NOAA) to provide direct funding, grants, cooperative agreements, and technical assistance to coastal states, Tribal Governments, local governments, NGOs and more, to protect and restore coastal and marine habitats, as well prepare for extreme storms.

Environmental & Climate Justice

The impacts of pollution and climate change do not fall on all communities equally, rather Black, Indigenous, people of color, and low-income communities have suffered and continue to suffer the most. These communities also suffer from a legacy of economic disinvestment and exclusion, which the transition to a clean energy economy can, should, and must address, with prioritized investment. Toward that end, the IRA directs at least $60 billion of investments for programs identified as priorities by environmental justice communities and advocates, through a variety of programs that reduce pollution and make zero-emission infrastructure more affordable and make related economic development more equitable. Ultimately, the implementation of IRA investments in disadvantaged communities should be considerably higher than $60 billion, as Justice40 is applied across the full suite of federal climate and clean energy investments, consistent with President Biden's initiative, and as federal tax incentives are tailored to drive greater investment in these communities.

- **Environmental and Climate Justice Block Grants** — The bill provides $3 billion for community-led projects covering a range of eligible activities, from pollution monitoring and prevention, to mitigating health risks from climate events like heat and wildfires, to climate resilience and adaptation, to increasing community engagement in public processes like rulemakings. The fund includes $200 million to provide technical assistance to communities. This program could be a powerful force-multiplier for disadvantaged communities, with resources that can be used to leverage other public and private sector funds for reducing pollution and driving sustainable economic development. This program is especially important in that it will help build community capacity, as modeled by successful state-level initiatives like California's Transformative Climate Communities program.
- **Greenhouse Gas Reduction Fund** — Within the Greenhouse Gas Reduction Fund created in the IRA there is provided $7 billion to programs aimed at deploying clean energy, like rooftop solar, and pollution-reducing technologies in low-income and disadvantaged communities. The fund also provides an additional $8 billion for eligible institutions that provide financial assistance, in the form of direct investments and financing, for clean energy projects benefiting disadvantaged communities. This $8 billion is 40% of a total $20 billion provided for these eligible entities, through a Clean Energy Technology Accelerator—ensuring that no less than 40% is prioritized for projects in disadvantaged communities. According to the Coalition for Green Capital, every $1 invested in the accelerator is expected to leverage $9 in total public and private sector investment, and every $1 invested in low-income community clean energy development would leverage $5 in total investment.

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- **Climate & Economic Justice Screening Tool** — The IRA provides $32.5 million to support the White House Council on Environmental Quality's (CEQ) work on a Climate & Economic Justice Screening Tool. This tool, which was first released in February 2022, is intended to help the federal government identify those disadvantaged communities impacted by environmental harms and economic disinvestment. It is a critical tool for ensuring the Biden Administration lives up to its Justice40 Initiative, ensuring no less than 40% of the benefits of green federal investment accrue to these disadvantaged communities. The CEJST builds from the success of state policies, like CalEnviroScreen and New York State's Climate Leadership & Community Protection Act, and is an important policy tool for which Evergreen has advocated continually since its inception.
- **Neighborhood Access and Equity Grant Program** — The bill provides $3 billion for projects that will improve transportation access and affordability which will allow residents to get to necessary destinations with more ease. This program also allows for the mitigation of harms caused by transportation systems, such as air pollution, that impact disadvantaged or underserved communities. Of the available funds, 40%, over $1 billion, are allocated to economically disadvantaged communities.
- **Air Pollution Monitoring** — The IRA provides $3 million for disadvantaged and low-income communities to benefit from improved air quality monitoring, along with $117 million for fenceline air pollution monitoring, and $50 million for multi-pollutant monitoring stations. These investments will empower the EPA and local clean air agencies to more accurately track the pollution burden in the most vulnerable communities.
- **Improving Energy, Water Efficiency, and Climate Resiliency of Affordable Housing** — The IRA provides up to $4 billion to fund projects that will improve energy and water efficiency, improve indoor air quality or enhance climate resiliency of affordable housing. The IRA further provides $550 million for constructing water access projects in disadvantaged communities that do not currently have reliable access to water.
- **Tribal and Native Hawaiian Climate Resilience** — The IRA provides investments for confronting climate change and building economic opportunity through clean energy, for Tribal and Native Hawaiian communities. The IRA includes $220 million for Tribal climate resilience and adaptation programs; $23 million for climate resilience, adaptation, and technical assistance to Native Hawaiian communities; $150 million for Tribal building electrification programs; $13 million for emergency drought relief facing Tribal communities; and $75 million to the DOE Tribal Energy Loan Guarantee Program, along with raising its loan

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authorization from $2 billion to $20 billion—to support more clean energy projects.

- **Addressing Air Pollution at Schools** — The bill provides $50 million for schools in low-income and disadvantaged communities to address air pollution. Of the available funds $37.5, million will provide grants to schools for air monitoring and emissions reduction technologies, and the remaining $12.5 million will support schools through technical assistance to identify and mitigate air pollution hazards. This program is a critical investment to protect children who are particularly vulnerable to air pollution.
- **Reinstating Superfund** — The IRA reinstates a critical "polluter pays" tax to cover the cost of remediating environmentally contaminated sites. Specifically, it reinstates and adjusts for inflation the Superfund Tax, which supports the Superfund Trust Fund established in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA. This fund supports emergency cleanup and hazardous waste sites needing long-term remediation.

Good Jobs & Worker Protections

Building a clean energy economy provides an enormous opportunity to create and support millions of high-quality union jobs. And it also invites the necessity of a "just transition"—supporting workers and communities that have been harmed by, and/or that remain dependent upon, volatile and declining fossil fuel industries. Fundamentally, this must be simultaneously an agenda for climate, jobs, and justice. And the IRA takes a massive step forward on this project, by tying new federal investments and incentives with labor standards, and by investing in programs that support workers.

- **High-Quality Union Jobs** — The IRA makes transformational steps forward in ensuring that new federal clean energy incentives are structured to support projects and companies that provide high-quality, good-paying jobs for their workers. In recent years states have pioneered new clean energy policies that support high-quality jobs. For example, Washington state's Clean Energy Transformation Act of 2019 established a tiered system of clean energy tax incentives that provide larger incentives based on a firm's payment of prevailing wages, utilization of registered apprentices, and execution of Project Labor or Community Benefits Agreements. The IRA borrows from that model, and for the first time establishes federal clean energy tax credits that provide a greater incentive for projects that meet certain workforce standards. These

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incentives are also expanded for projects that utilize Made in America technologies—further providing U.S. jobs, in manufacturing

- **Black Lung Liability Trust Fund** — The IRA takes a major step to support coal miners and their families by extending the tax rate to fund the Black Lung Liability Trust Fund. In January 2022, the excise tax on coal production that supports this fund dropped by 50 percent, endangering the solvency of this important federal program that supports coal miners suffering from black lung disease. The fund supports thousands of coal miners and their families across the U.S.—last year supporting 4,000 coal miners with $149 million in benefits in West Virginia, alone. In addition, the IRA further supports coal communities by providing expanded clean energy manufacturing and deployment tax incentives that will drive economic development and diversification in places impacted by recent coal mine or coal plant closures.
- **Worker Training Investments** — In addition to the tax incentives supporting apprenticeship programs, the bill provides financial support for worker training. This includes programs like the State-Based Home Energy Efficiency Contractor Training Grants, with $200 million to states for training and education to contractors involved in the installation of home energy efficiency and electrification improvements. And new Clean Heavy-Duty Vehicles investments can be used to support workforce development and training in maintenance, charging, fueling, and operation of zero-emission vehicles.

States & Local Climate Action

State and local leadership combating climate change continues to be essential. Indeed, in many respects, it has been the primary driver of ambitious climate policy in the U.S., to date. States from every region have pioneered aggressive 100% clean electricity requirements, robust clean car standards, accelerated deployment of renewable energy sources, tied together clean energy investments with standards supporting good union jobs, and engaged with local leaders to invest in communities disproportionately affected by health and environmental harms. City and county governments and Tribal nations also have been at the frontlines advancing equitable climate solutions. And, following the 117th Congress, state climate leadership, especially, will continue to play a critical role in driving the U.S. toward near- and long-term climate goals. The IRA includes some important resources to support state climate leadership, and states are broadly eligible for billions in additional discretionary grants.

- **Climate Pollution Reduction Grants** — Evergreen fought for and secured a new $5 billion EPA grant program to provide competitive awards to states, municipalities, tribes, or air pollution agencies that support the establishment and implementation of plans to reduce climate pollution. This program could support states and other subnational actors in the implementation of clean electricity policies; programs driving adoption of zero-emission vehicles and buildings; deployment of EV charging infrastructure; training programs for clean energy jobs; incentives for smart-growth, housing and transit-oriented development; climate-smart agriculture and lands conservation, and more.

- **Greenhouse Gas Reduction Fund** — In addition to the major opportunities for benefitting disadvantaged communities detailed above, the national Greenhouse Gas Reduction Fund has the potential to build upon and catalyze new clean energy financing ecosystems in states across the country. The EPA and states can use this fund to incubate new green banks and clean energy financing institutions, scale up existing efforts, and resource community institutions like Community Development Financial Institutions (CDFIs). During the last decade, there have been 23 green banks created in 17 states & D.C. These institutions have been a critical tool to leverage public dollars and secure significant additional investment. President Biden proposed scaling this proven model in his American Jobs Plan.
- **Low-Carbon Transportation Materials Grants** — $2 billion will be made available via the Federal Highway Administration (FHWA) to incentivize the use of lower carbon materials in transportation projects. Importantly, the EPA and FHWA will rely in part on the determinations of state environmental agencies to identify and label low-embodied carbon construction materials. There are additional clean transportation resources that build upon the Infrastructure Investment and Jobs Act. This funding will help state departments of transportation set and meet ambitious goals to reduce greenhouse gas pollution, per the proposed performance measure recently announced by the Department of Transportation.

Oil & Gas Leasing

Also within the IRA are several deeply concerning giveaways of public resources to fossil fuel corporations. In particular, there are two provisions that will mandate oil and gas leasing on America's public lands and waters. In June 2022, Evergreen Action co-authored a report with Earthjustice that urged the Biden administration to end new fossil fuel leasing on public lands and waters, because the science is clear: addressing the climate crisis means a shift away from fossil fuels altogether. These provisions in the IRA will do nothing to reduce the fuel costs that Americans pay at the pump, but they will continue to inflict real harm on frontline communities with toxic pollution and degradation, and serve to increase oil and gas industry profits that

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have already reached “unprecedented” highs in 2022. In response to these harmful provisions, Evergreen recommits to fighting alongside our partners to combat new fossil fuel expansion on public lands and water.

- **Four Mandated Offshore Oil Lease Sales** — The IRA mandates four offshore lease sales from the Department of Interior’s (DOI) Bureau of Ocean Energy Management (BOEM)’s previous Five-Year Outer Continental Shelf (OCS) Leasing Plan, including three in the Gulf of Mexico and one in Cook Inlet, Alaska. Offshore lease sales inflict grave public health and environmental harms on Gulf Coast and Alaskan frontline communities who have long fought to stop these offshore fossil fuel leases, as Evergreen has noted in both public comments and a recent report co-authored with Earthjustice. They would also contribute additional greenhouse gas pollution when it’s clear that any new fossil fuel infrastructure is incompatible with preventing the worst climate impacts.
- **Tying Offshore & Onshore Renewable Energy Development to Oil & Gas Leasing** — The IRA contains a provision that makes the deployment of wind and solar energy on public lands and waters *contingent* upon DOI moving forward with federal oil and gas lease sales. For example, an offshore wind lease would only be permitted to occur if the DOI holds at least one offshore oil and gas lease sale, spanning at least sixty million acres, within a year before the offshore wind lease sale. Similarly, the DOI would only be allowed to grant rights of way on public lands for onshore wind or solar projects if the agency holds an oil and gas lease sale covering 2 million acres in the year prior. These provisions would last 10 years. These requirements are lower than historic leasing numbers; in the ten year period between 2010-2019, an average of 5.1 million acres was offered annually onshore, and 80 million offshore, respectively. But status quo leasing–and this provision–runs counter to climate science and climate justice. This provision is also inconsistent with President Biden’s commitment to zero new fossil fuel leasing on America’s public lands and waters, and frontline communities, especially those living near the Gulf and in Alaska, would continue to unjustly bear the disproportionate and unacceptable harm of these required lease sales.
- **Increased Oil & Gas Royalty Rates** — The IRA increases the offshore oil and gas royalty rates for public lands and the OCS from 12.5% to a minimum of 16.67% – but caps it at 18.75% for the next 10 years. Similarly, the IRA raises onshore royalty rates for new leases from 12.5% to 16.67% for the next 10 years, after which it becomes a floor. Meanwhile, after the IRA is enacted, a new royalty fee will apply for all extracted methane on public lands and the OCS, including the practice of venting and flaring, with limited exceptions. While analysis has

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shown that such increases in royalty may not deter extraction, they do levy an increased cost on industry, making drilling less profitable.

The Takeaway

The Inflation Reduction Act presents our best opportunity for vital federal investment to address the climate crisis. The bill is a hard compromise and perpetuates real harms to frontline communities of color, but its passage is essential to our ability to keep warming below catastrophic levels, and to building a more just, affordable and secure clean energy economy so that future generations will not be subjected to environmental injustices.

Now it is up to Speaker Pelosi and President Biden to carry this bill across the finish line, and prove to the American people that they can deliver on the bold climate agenda that they ran and won on in 2020. To secure the Biden climate and environmental justice agenda, fight fossil fuel-driven energy inflation, create good clean energy jobs, and protect countless Americans from escalating climate disaster, the House must move quickly. Failure not an option.