

Infrastructure Bill Seeks to Expand and Improve Grid Infrastructure, Incentivize Renewables Growth

On Monday, November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (Infrastructure Bill) into law. The historic \$1.2 trillion package contains a number of provisions aimed at promoting the growth of the renewable energy sector and places significant emphasis on large-scale improvements to, and expansion of, the electric transmission grid. Key provisions of the Infrastructure Bill aimed at benefitting the renewables sector are discussed below. Babst Calland is issuing a companion *Alert* on the Carbon Capture, Utilization, and Storage and Hydrogen Technologies provisions in the Infrastructure Bill.

Transmission Infrastructure Resiliency and Expansion

It is well understood that grid capacity constraints and access to adequate transmission infrastructure are often roadblocks to siting renewable energy projects. The Infrastructure Bill's investment in transmission infrastructure and resiliency and in building out the grid is designed, in part, to ease these impediments with the aim of making more sites viable for renewable energy development across the country. The Infrastructure Bill allocates about \$28 billion to transmission infrastructure generally, including approximately \$15 billion in grants and other financial assistance to prevent outages and enhance grid resiliency, develop new or innovative approaches to transmission, storage, and distribution infrastructure, and facilitate siting or upgrading transmission and distribution lines in rural areas.

\$2.5 billion is allocated to the "Transmission Facilitation Program," a fund that allows the Department of Energy (DOE) to enter into a capacity contract for the right to use up to 50 percent of the planned capacity of certain new, expanded or upgraded transmission lines. The program is intended to leverage the DOE investment to demonstrate the project's viability and thereby encourage other entities to enter into capacity contracts with these transmission projects. The Infrastructure Bill also took steps to reduce certain regulatory barriers which had stalled transmission line development, giving the DOE the authority to designate national transmission corridors to facilitate the deployment of transmission infrastructure in areas with transmission capacity constraints. The provision is designed to enhance the ability of electricity generators, including intermittent producers such as wind and solar projects, to connect to the grid.

Renewable Energy Technology Investments

In addition to investing in the modernization and expansion of the transmission grid, the Infrastructure Bill allocates significant funding towards the development of renewable energy and energy storage technologies.

Solar and Wind

The Infrastructure Bill promotes the development of solar projects on current or former mine land, requiring the DOE to create a report of the viability of siting solar energy on those lands, including the necessary interconnection, transmission siting, and impacts on local job creation. \$500 million is authorized for the creation of a DOE program to demonstrate the technical and economic viability

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of carrying out clean energy projects on current and former mine land. Up to five qualifying projects will be selected to receive financial assistance based on a project's capacity to create jobs and reduce or avoid greenhouse gas emissions.

In addition to the mine land-specific provisions, \$80 million is allocated to the DOE for programs established under the Energy Act of 2020 to provide grants and other financial assistance to promote the development and commercialization of solar energy technologies. \$100 million is allocated to the DOE for similar wind programs.

Investment in Energy Storage Development

The Infrastructure Bill appropriates \$505 million to the DOE to carry out energy storage initiatives previously authorized under the Energy Act of 2020. \$355 million is allocated to a competitive grant program to advance energy storage technologies. \$150 million is allocated to the DOE for its long-duration energy storage technologies program. A Battery Material Processing Grant Program is created to expand the capabilities of the United States in advanced battery manufacturing. The DOE will award grants for (i) demonstration projects for the processing of battery materials; (ii) construction of commercial-scale battery material processing facilities; and (iii) projects to retool, retrofit, or expand existing battery material processing facilities.

Supply Chains for Renewable Technology

The Infrastructure Bill includes several provisions that aim to help alleviate supply chain issues that affect the renewable energy sector. Rare-earth elements are key raw materials for components of solar and wind power equipment. The United States is currently dependent on other countries to supply these important resources. \$320 million is allocated to the Earth Mapping Resources Initiative (Earth MRI). The Earth MRI maps mineral deposits (including rare-earth elements) within the United States. Another \$307 million is provided to fund research related to the extraction, reclamation, and refining of rare-earth elements, and to demonstrate the commercial feasibility of a full-scale, integrated rare-earth extraction and separation facility and refinery.

Conclusion

The Infrastructure Bill is a sweeping piece of legislation in which provisions related to the promotion of renewables development are a relatively small component. Nonetheless, renewable energy proponents are hopeful that the provisions discussed in this *Alert* will help the sector continue the explosive rate of growth that it has enjoyed in recent years by unclogging the transmission bottleneck and incentivizing investment in new technologies.

The Infrastructure Bill provides the agencies tasked with implementing it a large amount of discretion in developing and managing its programs. Babst Calland will be monitoring the ensuing regulations and guidance issued by those agencies closely as they work to bring the Infrastructure Bill's goals to fruition. If you have any questions about the developments described in this *Alert*, please contact Ben Clapp at 202.853.3488 or bclapp@babstcalland.com; Joshua Snyder at 412.394.6556 or jsnyder@bcalland.com; or Anna Jewart at 412.253.8806 or ajewart@babstcalland.com.

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