Ed: Hello and welcome to “Our American States,” a podcast from the National Conference of State Legislatures. This podcast is all about legislatures, the people in them, the policies, process, and politics that shape them. I am your host, Ed Smith.

AN: There are very strong incentives for both consumers as well as energy producers to shift from dirty energy to clean energy generation.

Ed: That was Dr. Ali Nouri, assistant secretary for Congressional and Intergovernmental Affairs at the U.S. Department of Energy. He is one of my guests on the podcast along with David Terry, executive director of the National Association of State Energy Officials. I sat down with each of them to discuss the bipartisan $1.2 trillion Infrastructure Investment and Jobs Act that President Joe Biden signed into law in November 2021. That bill provides billions in new funding for energy related programs and stands up 60 new programs at the Department of Energy. Dr. Nouri discussed funding to improve the resiliency of state electric grids, nuclear power, electrical vehicle charging infrastructure, hydrogen, carbon capture and storage, reducing home heating and cooling costs and other issues. These new investments will be complemented by additional energy-related funding and programs included in the recently enacted Inflation Reduction Act. States and the DOE are in the process of implementing these major federal bills.

Terry discussed how state energy offices are working with federal officials, the role of state legislatures in implementing these programs and how this new funding will affect...
state energy policy goals. Here is our discussion starting with Dr. Nouri. Dr. Nouri welcome to the podcast.

AN: Thanks Ed. Great to be with you.

Ed: Well thanks for coming on to talk about the new energy funding and programs created in the Infrastructure Investment and Jobs Act and to some degree in the Inflation Reduction Act as well. And I wonder if you could start with kind of a high-level overview of these pieces of legislation and how they will impact the energy system.

AN: Thanks Ed. I’m happy to do that. As you mentioned, these are both very significant bills that bipartisan infrastructure law was passed last year by Congress and signed into law by the president. And this year of course the Inflation Reduction Act – very significant. Climate change and clean energy legislation and the goals are really threefold, Ed. These bills really advance clean energy. They advance our energy sector in terms of both reliability as well as a whole suite of clean energy and climate friendly energy bills, energy policies. Second, they really reduce the energy costs for consumers. The third piece, which is a really, really important one as well, is that they really work to revitalize U.S. clean energy manufacturing across the country. The way they meet these three objectives is through a combination of policies. So, one of the really important parts of the Inflation Reduction Act in particular is it includes tax credits to companies, no-profits in the form of incentives to really expand clean electricity generation. And these tax credits are really long-term policy objectives that go out for 10 years. So, typically, when Congress renews tax credits for clean energy generation, it might do it for two years. Sometimes it does it just for one year. This time around, you are talking about a 10-year window. And that’s really important, especially for industry, to have the long-term certainty to make the kind of investments that they need to do to advance a whole suite of clean energy technologies. These include wind energy. They include solar, but they also include a new tax credit for hydrogen production. And new tax credit for nuclear energy production. Also, an enhanced tax credit for carbon capture and sequestration. So that’s a really important policy that’s going to advance a lot of clean energy and really push down our emissions that come from the electric sector. In fact, overall, emissions are expected to reduce by about 40% by just the year 2030 as a result of these two pieces of legislation. So, very, very powerful incentive mechanisms at work here.

The other piece of these incentives by the way is in addition to the incentives on the generation side, the bills also really include incentives for consumers to replace, for example, less efficient home appliances with ones that are more energy efficient so we can reduce our fuel costs over the course of the year. The other really powerful incentive tools for, again for consumers in homes and buildings are both a combination
of tax credits as well as rebates for folks that qualify for the rebates to replace for example your water heater or your furnace with an electric water heater or an electric heat pump. The idea behind those credits is that essentially the bills help you with the upfront costs of these various appliances and then you get the benefit of having the fuel savings over the course of the year that come with more energy efficient technologies.

The last piece, Ed, that I just want to touch on was the manufacturing piece. This is really where these bills are unique. They really enhance federal policies so that the federal government can really partner with states, with industry to bring back and really shore up a lot of the supply chains. As you know Ed, COVID-19 combined with Putin’s war really highlighted some of our vulnerabilities when it comes to these supply chains. And the Inflation Reduction Act in particular for example includes loans, grants. These are incentives that industry can use to build new facilities or retro fit existing facilities in order to manufacture things like electric vehicle batteries or energy storage technologies or the various parts of the solar supply chain. Just last week in fact, the Department of Energy announced a $2.8 billion grant award program that went to 20 companies across the country that are looking to bring back various aspects of battery supply chains to the country and that’s just the first installment of a multi-installment set of policies to help in that front. So, a lot of really important and exciting policies at play here with these two bills.

Ed: Well thanks for that overview. It’s a complicated bill and I think that gives us a good grounding on what the main pillars are. Let me ask you about a few specifics. First, in July DOE announced $2.3 billion in formula funds to improve the resilience of the electricity grid. I’m wondering how is DOE hoping the states will use those funds to manage the risks associated with wildfires, extreme weather, and other natural disasters to the grid?

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AN: That’s a great question Ed. First and foremost, there is a couple of reasons why this grid investment is so critical. First, I think we have to recognize that many aspects of the grid are just old. Some parts of the grid for example were built out 100 years ago and are really in need to upkeep and upgrading. The second piece of it is that because of the impact that we are seeing with respect to climate change on extreme weather, we are seeing even more vulnerabilities on the grid. We see this for example with hurricanes. We saw this with hurricanes for example that really devastated the grid in Puerto Rico. That really damaged the grid in Florida. Out West, we are seeing droughts that is worse than it has been in a thousand years and that, of course, exacerbates extreme heat and results in wildfires that are burning hotter and they are more frequent. In many of these cases, the grid is really one of the major energy systems and really major critical
infrastructure that’s impacted in all of this. And the bipartisan infrastructure law really recognized this vulnerability that the grid has to a lot of these extreme weather events and made substantial investments for upkeeping the grid, developing innovative technologies to make our energy sector more resilient. There is even investments to make the grid smarter so to speak. The grid is increasingly digitized. The specific pot of money that you referred to that $2.3 billion investment is really designated for states. So that is a formula-based funding that will go to all states. States have flexibility to spend that money on a whole host of areas to really make their power grid more resilient so this could be things like removing vegetation for example from areas around transmission lines and poles to reduce some of the wildfire risk. To things like undergrounding electrical equipment and in other types of technologies as well to make the power system more resilient in general. This is one tranche of really a multi-grant program. Some of it is in formula funding. Some of it is competitive coupled with some of the investments in the Inflation Reduction Act. We really think these programs will go a long way in making the grid and the energy system with large more resilient and more reliable.

Ed: Another area I wanted to ask you about is nuclear power. There are some significant supports for advanced reactors and the subsidies for existing nuclear plants in the IIJA. Given the public’s trepidation between Fukushima and for us old people Three Mile Island, I wonder what you can say about how the department views the role of nuclear power in the nation’s electric system and how we address the concerns that maybe some people have.

AN: Sure. Well as you said Ed, when it comes to nuclear, safety and security is really paramount. As far as our standards go on nuclear energy really worldwide, ah the US has gold standards in this area which is really the reason that our fleet has been able to perform in a safe and secure manner. And that’s really important because nuclear is a very important component of both our energy reliability as well as our ability to address climate change by deploying clean energy. In fact, today, something around 20%, just shy of 20% of our clean electricity that we generate comes from nuclear power. As a requirement for both electricity generation in terms of reliability as well as in terms of meeting our climate goal goes up, we really need to not only maintain that 20%, but really build on it and expand on that. And this is really where the Bipartisan Infrastructure Law and the Inflation Reduction Act have some really important policy tools to do just that. The Bipartisan Infrastructure Law for instance includes a program to support nuclear reactors that are currently operating to operate for longer period of time and that program is even supported through the Inflation Reduction Act, which is as I mentioned earlier includes 10 years of tax credits for the generation of clean nuclear power. But in addition to maintaining this current fleet, there is also a lot of interest to pursue more advanced newer reactor designs. Some of these for example are small
modular nuclear reactors that are just more flexible. They can be cited in places that may not have the need for a large nuclear power plant for example. And the Bipartisan Infrastructure Law in particular has funding for these advanced reactor types. Currently at the moment, the Department of Energy has partnered with a company in Wyoming, another one in Washington in a public/private partnership to advance these newer reactor designs. So, a lot of really exciting work and innovation happening on the nuclear front.

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Ed: In both the IIJA and the Inflation Reduction Act in the way that they were covered by the media, I think the aspects relating to electric vehicles probably got more headlines than just about anything else. And this included electrical vehicle charging infrastructure in the IIJA as well as billions for research funds for improving battery technology. And, of course, the Inflation Reduction Act extended tax credits for the purchases of both new and used vehicles. I wonder how you think the combination of these programs are going to affect our transportation system over the next several years.

AN: Thanks for that question Ed. And you are absolutely right. Electric vehicles have been getting a lot of attention and a lot of exciting policies in these bills towards electric vehicle deployment. This is just an area that’s been booming. You know in 2021 in the United States, there were around 300,000 electric vehicles sold. A year later in 2022 that figure had already doubled to 600,000 and we are seeing the same trend worldwide. In 2022, there were 7 million EV’s sold around the world. And these numbers are going up very, very rapidly. And these bills really recognize this shift and this interest towards electric vehicles and what the Inflation Reduction Act in particular included which is really important for the adoption of electric vehicles are tax incentives or tax credit incentives. So for example for a new electric vehicle the Inflation Reduction Act includes a $7,500 tax credit that can be used at the point of sale. And for used vehicles, it includes $4,000 worth of tax credit per used vehicle for consumers that are interested in purchasing an EV. In addition to these incentives for the purchase, there is also incentives for chargers even for home chargers. For example, the Inflation Reduction Act includes incentives for folks to deploy chargers at home and this can be two-way chargers so you can charge your electric vehicle and when you don’t need the excess energy, you can dispatch that energy. You can sell that energy back into the grid. When you combine something like this with the tax credits that were included in these bills for geothermal systems or for solar rooftops, you can really see how your own solar panels can be used for example to charge your electric vehicle. When you don’t need the miles, you can use that charge as a storage medium and then you can power up your home and sell that energy back into the grid when you don’t need it. So, a lot of really interesting incentives at play there.
And the second piece is really through the Bipartisan Infrastructure Law which addresses the range anxiety that some folks have when it comes to electric vehicles. We need more charging stations across the country. What the Bipartisan Infrastructure Law essentially had was a $7 billion, a really significant amount of money to buildout charging stations across the country. Five billion dollars of that is through formula funds. These will go to all 50 states that have submitted plans. And essentially what we are looking at here is charging stations every 50 miles of an interstate highway to really address that range anxiety. So, in combination with the tax credits for purchasing EV’s, purchasing the chargers and then the charging stations across the interstate highway system in the country, these bills will really advance our electric vehicle goals and really do a lot to meet the consumer demand. And then finally on the manufacturing piece that you mentioned, it’s very important for the United States to bring back the electric vehicle supply chain to this country. At the moment, a lot of these batteries for EV’s are made overseas, particularly in China. And there was a real desire on the part of the legislators, the White House, the president to really bring back that supply chain to the U.S. and there are very strong incentives for the manufacturing sector now in this country to build out that supply chain.

Ed: Well, we all got a real lesson in supply chain in the last couple of years whether it was masks or semiconductors so it sounds like a lesson that is being applied in this instance. Let me ask you about the funding for a variety of energy technologies in the IIJA including hydrogen and carbon capture and storage and I wonder how the department is thinking about these technologies and what role they will play in the energy system.

AN: These are really, really promising technologies. Hydrogen for example, can be used in zero emission vehicles. It can be used in heavy duty vehicles. It can be used for shipping so very important technology in the transportation sector. But in addition to that, it’s also a great form of energy storage medium that can really stabilize the grid particularly as we are seeing more and more renewables integrated into the grid. Hydrogen is a very promising technology that can really backup a lot of those renewable sources. Finally hydrogen can also be used as an energy source for industrial facilities. And the Bipartisan Infrastructure Bill in particular includes an $8 billion investment for public/private partnerships to essentially include demonstration projects across the country when it comes to hydrogen. And this is one of the programs where we are getting a lot of interest in different communities in different states really partnering up with industry, with universities, to buildout these hydrogen hubs. And the way the hydrogen would be produced is essentially through either nuclear power or through renewables or through natural gas coupled with carbon capture and sequestration. So, in all cases, we are talking about clean hydrogen production and what the Bipartisan Infrastructure Law essentially does is to include investments funding for these
public/private partnerships so that we can buildout that clean hydrogen supply chain. So quite a bit of interest on that front. Similarly when it comes to carbon capture sequestration, this is a really big part of the Bipartisan Infrastructure Law. That bill makes a lot of investments, north of $10 billion to really push out and deploy and demonstrate that we can do carbon capture at large levels so these will be demonstration projects that will demonstrate the capturing of carbon from power plants or from industrial facilities. Investments include transporting that carbon and ultimately sequestering it underground in order to essentially reduce the emissions from those various sectors and really help clean up the emissions from both industrial and the power sector. And then in addition to these investments in the Bipartisan Infrastructure Law for both hydrogen and carbon capture sequestration, as I mentioned earlier, the Inflation Reduction Act includes that 10 years’ worth of tax credits so that these technologies can really be deployed at large scale. So, again two really promising technologies and these bills will go a long way to ensure that these are deployed and that they are scaled.

Ed: Well Dr. Nouri, thanks so much for taking the time to share both your insight and expertise on these matters with us and on these two pieces of legislation. Take care.

AN: It was great to be with you Ed. Thank you.

Ed: And I’ll be back right after this with David Terry from the National Association of State Energy Officials to get the state level perspective on the effects of the IIJA and the Inflation Reduction Act on energy systems.

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Ed: David, welcome to the podcast.

DT: Thank you. Thanks for letting me join today.

Ed: Well first thanks so much for taking the time to join us and talking about the Infrastructure Investment and Jobs Act and particularly how that affects the energy systems in our country. To get started, why don’t you tell us a little bit about your background and the organization you head the National Association of State Energy Officials or NASEO.

DT: Pleased to. It’s an interesting path. We all have different pathways we get from out of college and where we find ourselves, but I started my first serious job at the National Academy of Sciences in the transportation area and moved onto energy technology and innovation with a few different non-profits and think tanks and private investment
involved in those innovative technologies. Moved on to help launch the governor’s wind energy coalition and before coming to NASEO on most of those roles, the thing they had in common was really where state policy intersects with business investment and energy investment in particular and federal policy. And it’s a great crossroads and NASEO, the National Association of State Energy Officials is exactly that. We are led by and all of our decisions are made by our state members. The 56 states, territories, and District of Columbia energy offices. Those are often, most often appointed by Governors and they guide us, lead us, tell us where to go. Our job is to bring together the really the role of NASEO. Our different state perspectives, state best practices, new policy ideas and where there is agreement on priority issues and engaging the federal government certainly express their opinions in what they want to see in policy. And with the private sector which is very often synergistic with many of the state’s interests and goals making sure that the states have access to those folks and get their views known as well.

Ed: So, a very similar role to what NCSL does with state legislators and legislative staff. Let’s talk a little bit about the role the State Energy Offices particularly in the implementation of the IIJA and how are those offices working with DOE to implement the law.

DT: I guess a couple of things. Obviously, the states are all very different. Always in a different place. Geography, policy, energy resources and so on and so forth. Business opportunities, workforce. One of the things that distinguishes the energy offices from other state agencies that may have some energy role, the utilities commission certainly come to mind. I think principally the electric sector. Most energy offices have a more holistic kind of comprehensive view looking at all energy sectors, major production, used transmission distribution. But also a lot of end use sectors and workforce and all the components that go into the energy elements of the economy. So, if you think of the issues that a legislator or a governor might care about that are kind of that broader perspective as it applies to their state, that’s how a state energy office approaches most things. So, with regard to the Infrastructure Investment Jobs Act, the IIJA, there are many, many opportunities. Most of those are competitive opportunities at least with regard to those opportunities at the US Department of Energy that the states are engaging in. And the states have been voicing their opinion on many parts of the IIJA actually for a long time. There are many components of that bill that date back five even ten years that came together in the Bipartisan Bill. Some parts are new, but many parts have been around for a while. So when it landed at the Department of Energy, we immediately began informing our state members about what was in the bill, bringing them together so they could talk about what were their priorities, what were their concerns and then elevating with DOE comments the states had. The states have been providing input to the Department of Energy’s request for information on dozens and dozens of competitive procurements. But also another important area there are just several pots of formula funding that go out to the states from that bill. They are not
actually a large amount by historical standards. There’s $500 million through the state energy program that goes out to every state and territory and the District of Columbia by formula. One of the concerns the states have had is that is a very flexible program. It allows governors and legislators to really within a broad area allow the energy office to invest in activities in their state. And the states are concerned to get those dollars quickly. Well, we are coming up on another anniversary of the passage of that infrastructure and again the states still do not have those formula funds from the federal government. So that’s a concern.

But I think from an opportunity perspective, we’ve seen the states come together with Department of Energy officials letting them know about their interest in hydrogen hubs, in transmission and distribution planning, in carbon management. Ahm a whole range of grid issues frankly. And also programs that will touch lower moderate income and use consumers and businesses. And that dialogue has been very positive and very good. And one place I have to highlight in particular, the Infrastructure Bill established a joint office between the U.S. Department of Energy and the U.S. Department of Transportation and I think there was a certain amount of trepidation about well how will this joint federal office work? Would that be difficult? And it has turned out to be really a shining example. The energy offices at the state level and the state departments of transportation in many states have a history of working together or at least engaging. The Department of Energy and the Department of Transportation at the federal level have been in constant dialogue with the states. Both the Departments of Transportation and the Energy Offices trying as best they can to get their input and move quickly and they’ve done that. The states have gotten their plans in. The department has provided the right information. So that interaction could not be better. We see a similar situation emerging on grid resilience funding. There’s $2.5 billion that will go out to the states from the Department of Energy for grid resilience. It’s a fairly broad definition. It’s one of those things where it is a lot of money and it isn’t. It’s a tremendous amount of money from a taxpayer perspective and it’s a huge help. But obviously the grid is a trillion-dollar enterprise and more and so it’s just a piece of that. In almost 90% of the cases where states are reporting, the energy office has been designated by the governor to carry out that program. Those plans are under development and the interaction again with the Department of Energy is exceptional. I think their staff are doing their level best to engage with the states, take their opinions. And so overall, I think quite positive. I guess just one last comment there has been some criticism the Department of Energy for moving slowly on some of these efforts and there’s always some truth and room for improvement. The department has also been dealt a very difficult hand. Some 60 new programs. The vast majority of those are competitive. They have to be done in a fair and appropriate manner. That’s a huge workforce strain and I think our colleagues at the state level and at DOE are really doing their best on that front and hats off to them at the federal level in particular for what they are trying to accomplish. It is not easy.
Ed: This was the fourth podcast we’ve done about the IIJA. We’ve also looked at roads, bridges, transportation as well as water and a general overall look at the fiscal package. And I also recently did a podcast with the folks from CESER at DOE talking about grid resiliency and that there would be some funds in there so I have come to an appreciation of the enormous complexity within both federal and state agencies in trying to deal effectively with this money and to move these programs along so that certainly comports with all the things that I’ve heard from other folks.

DT: I think you are absolutely correct and CESER, the grid deployment office, the office of electricity. All of these are Department of Energy offices. I think the good news is that most in Congress both Republicans and Democrats understood that this was a big opportunity and a difficult challenge and they spread the money over five years. And I think that was pretty wise direction that they gave so that we can take some steps and make sure that we are delivering something on these important actions and then modify those over the next four or five years. And I think that’s one of those things again I think Congress gets criticized a lot for how they pass legislation. It’s difficult, challenging, but I think that five-year element. I’ve been around Washington a long time and I thought it was pretty brilliant and pretty practical.

Ed: Yeah, I think the feedback that I’ve gotten from a variety of people is that states did have a pretty good opportunity to make their case and in many instances thought they were pretty successful in how the program was put together. Let me turn to legislatures. What is there here that in the energy area that requires legislative action?

DT: Quite a number of things actually. Some of them are near term. Some are longer term. In the near term of course for most states – not every state, but for the vast majority of states, any dollars that come into the state of course federal or otherwise need to be approved by the legislature and that’s a process that is a little different in each state. But that’s a near term item that is important particularly where the formula funds are concerned that offer greater flexibility and that needs to happen. In many of the states where there are opportunities in the Infrastructure Bill in particular for almost every state of one kind or another and most of those are competitive. Most of those involve the private sector in some way and the energy offices are often working with the private companies trying to help them develop projects and programs that they can propose and hopefully win for the state and for their businesses to move forward. That often involves cost share or match. That typically comes from the private sector, but often there is something that is needed also from the public sector. And so some energy offices have asked for and received matching funds to go towards projects if they are
successful those will be utilized. I think that’s another one. I think in more the medium and longer term, many of these infrastructure investments certainly require rethinking at the federal level of how projects are approved. Whether that’s environmental compliance or federal land’s issues and so forth. And at the state level, there are often streamlining or other regulatory approaches that need to be addressed as well to make these projects move forward at the state or at the local level for that matter. And I think legislatures are obviously you know central to that happening. To take in comments and activities to figure out how they go forward. The energy offices have a long-time role in many states to respond either to their governor and/or their legislatures when they are dealing with some of these questions around how do we streamline a process or citing or some other activity. The energy office will frequently convene energy interest whether that’s private businesses, consumers, whoever it is to try to get input and reach some consensus. Part of that is educating the people that come to the table. Part of that is getting educated by those that are experiencing it or may. And then taking that back to the legislation, the governor, as best they can in some distilled format so a decision can be made. Because those offices are generally not regulatory in nature, they may have some functions in that regard, but because they are not seen as threatening to the energy industry and helps open that dialogue. So I think it makes a big opportunity certainly for the offices and for the legislatures, but the legislatures role is obviously critical in making those kinds of improvements and they change over time. Markets are dynamic. Our energy needs are dynamic and certainly our laws and policies need to change as well.

Ed: So, you mentioned before that states like to do things their own way whether that’s the legislature or state energy offices. So, given that and your long experience in this area, do you see any best practices or models of how legislatures and legislators can best interact with their state energy office?

DT: Yeah, I think a few. And I won’t cite specific states. I certainly could, but I think it’s more important to get at some of the commonalities or where we’ve seen things go well. One big picture common theme and it’s really it has a lot of applications, but quite a number of legislatures have tasked their energy offices with doing periodically doing a comprehensive energy plan. So looking at all the energy resources in the state both you know conventional resources, renewables, you name it. But also human resources. Ah corporate, intellectual property. A broad range of things. What assets does the state have to bring to the table from an economic perspective, a security perspective, environmental or whatever it may be. Then later the legislature needs to act or it needs to consider something. They have the information, the data, the recommendations, and that to draw upon. It’s a good starting place essentially. So there’s that piece. And that has delivered a lot of value over time.
I think the second one is when an issue is sensitive or volatile or just really complicated frankly and needs time and thought, that convening function that often a legislature will assign to an energy office can you bring together stakeholders? Do some analysis. Do a study. Figure out you know what we might do in a particular area. What are the issues we need to figure out. What are the solution sets we can look at to guide us. And that has worked over and over again in big ways and small. It’s been on things as large as transmission and as small as product standards in that area. So it’s a really good tool. It’s also a pretty low-cost tool. And often the energy offices are able to leverage other dollars that they get from the federal government for those kinds of activities. So I think that’s a good one. I think the third one is in from an educational perspective and most of our offices are fairly small in staff number, but they are very knowledgeable. They are good at education and certainly that can help be responsive to a legislator, but also to a legislator’s constituency that like any area if you don’t work in it, it’s complicated. It’s sort of opaque. And I think that’s another area where we have seen a lot of success just a straight up educational perspective to help inform the citizenry about where does energy come from. What are the issues in out state. Why don’t we do certain things. Maybe there’s an economic reason or some other reason.

And if I could add one other thing and it is striking and most states do rely on this, but I think again if energy isn’t your area of expertise, you know it’s difficult to know ahm maybe the right approach, maybe the best approach to something. And one of the things we often see confused at the federal level, the state level and with the private sector is there is a policy role. So the legislators you know make policy in the state. The governor of course engaged in does that as well. In the electric space, the utility regulators for the vast majority of states are regulating the power sector at least that part of the power sector that is regulated. Not all of it is. And those are really distinct functions. And we often see a private sector or federal government or others in state government going to a regulator asking them to do things that are more policy like. Or going to an energy office which is in the typically in the Executive Branch or responding to the policy function the legislator has and asking them to do a regulatory function. And it is it's kind of a basic thing, but it’s an important thing because you won’t really get the result you want if you confuse those. They are both important. They need to work together. And we see a lot of that.

Ed: The IIJA and the Inflation Reduction Act I think we can say it is the administration saying this is what our priorities are. This is what we think energy policy efforts should go to. Do states agree with that? Are states on the same page as the federal government or at least this administration?

(TM): 38:04
DT: I think the real answer is yes and no. I think on the IIJA, the Infrastructure Bill not just because it was a bipartisan bill from a vote perspective you know nothing is completely overwhelmingly bipartisan, but it was pretty close. There are a lot of elements in there that make sense to most people. We all know the transmission system needs help. The grid needs modernizing. So many of those components. Not everyone, but a lot of them we need to deal with. The major oil petrochemical complex in the country, ahm those major companies are talking to us everyday about how they are dealing with carbon management. And the Infrastructure Bill has a lot in that and we have states Louisiana, North Dakota, Wyoming that are working very hard with their private sector on those issues and so you see a lot more agreement across the board. Not every one of those activities fits every state obviously, but I would say in general it’s pretty positive. I think it’s a very constructive approach.

The Inflation Reduction Act being a democratic only bill or reconciliation bill obviously there are many items in that in addition to the overall spending decisions which many have issues with of course. But there are so many programs in every agency. So many places. I think it is more challenging and there’s less agreement on some of those programs because they are so different. But there is strong agreement on some. And I think a few examples the U.S. Department of Agriculture’s renewable energy program for rural communities has broad support. It has for years across the board. It’s had strongest support for Midwest and central region states and that’s an example of one that I think virtually all of our states agree with. There are two residential programs that go directly to the energy office. There are rebates for consumers for high efficiency equipment and insulation and whole home activities and a lot of that is geared towards low and moderate income folks and that’s a formula program that will go through the state energy offices. That has awfully strong support across the board. And so there are a number of programs like that that do and there are some others that are less so. There are some good financing programs the Environmental Protection Agency has. Some streamlining of activities so I think it is the size of it that is more challenging and I’m not sure everybody has got their hands around all pieces of it. There are some pieces that I think will be more difficult for some of the states to deal with just in terms of traditionally how they have acted on energy. When you have more of an incentive and innovation approach ahm anything that asks of the states to pass rules or pass additional restrictions that creates differences of opinion. And I think we will see that in some of these programs. Not those ones that I mentioned, but certainly some of the other ones that are more regulatory in nature.

Ed: Were there any aspects of the IIJA or the Inflation Reduction Act that you think are really giving state energy officials heartburn or sleepless nights at the thought of trying to implement them?
DT: Yeah I think there are a few. Part of it is just there are you know this is a great deal of money when you combine the two bills together in particular at a time when I think every part of the U.S. economy is in need of trained workforce and so it’s a challenge in general and we sort of accept that. I think the bigger challenge has been with as a state it is not as though you are an individual company representing a particular interest. You are representing the state population. Our federal procurement rules tend it make it very difficult for state officials to engage in an open dialogue about particular activities which are going to be competed. And there are good reasons for that. But the downside of that is our members and I think any organization representing different parts of the economy would say this have a lot of expertise in these areas on the ground working with their companies, working with their consumers, working with their legislators and their governors. And they have opinions that would improve those activities. I think some of the procurement process gets in the way of that. And I don’t know how we fix it quite honestly, but that has been a hindrance and I think it concerns the states because they want this to go well. They want the taxpayer’s money to be used well obviously and so part of that is informing the process.

I think the other item that has been a concern is some of the dollars that are formula in nature have moved very slowly. I think that’s a concern. That’s getting addressed. I think the third one is one that everybody supports. Everybody we work with supports and that’s the Buy American and keeping manufacturing here in the U.S. where it belongs. I think the concern is that there are some products that major manufacturers and minor manufacturers are telling us simply are not available. They don’t expect them to be available for some time as in years not months. And so what’s the solution for the glide path to both serve that absolutely right policy goal but at the same time not create a problem for consumers that might benefit from this or infrastructure that’s genuinely needed. Electric sector is an obvious one. So those are probably the three items. I don’t know if they are keeping folks awake, but they are ones that I think everybody feels like we need to do a better job of.

Ed: I have certainly heard that same concern echoed in other sectors that are affected by the IIJA as well as just the ongoing supply line problems and the as you mentioned the trained workforce issues. David, thank you so much for walking us through this. It’s very complicated. Thank you very much. I appreciate your time. Take care.

DT: You are welcome and thanks for the invitation.

Ed: I’ve been talking with Dr. Ali Nouri from the U.S. Department of Energy and David Terry from the National Association of State Energy Officials about the Infrastructure Investment in Jobs Act and the Inflation Reduction Act and how they will impact the energy sector. Thanks for listening.
We’ve also done three other episodes on the IIJA and how it will affect roads, bridges, transportation, and water systems. You can check out all the podcasts from the National Conference of State Legislatures by searching for NCSL podcast wherever you get your podcasts. Listen to our monthly series “Legislatures: The Inside Storey” and our special series, “Building Democracy.”

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