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Locke Lord QuickStudy: Biden's American Jobs Plan Prioritizes Renewable Infrastructure Investment Opportunities ?

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The American Jobs Plan and Made in America Tax Plan (the "Plan"), announced by the Biden Administration on March 31, 2021, place heavy emphasis on renewable energy, electrical grid improvements, and climate change-related carbon reductions. In addition to transportation infrastructure repairs, the Plan prioritizes investment in renewable and clean energy technologies.

Roughly $800 billion of the $2 trillion plan directly or indirectly increases investment in renewable energy, electric grid improvement, and climate change mitigation through investments in:

- Electric vehicles and associated Infrastructure ($174 billion)
- Public infrastructure resilience to withstand climate disasters ($50 billion)
- Clean energy research and development ($180 billion)
- Electricity grid improvements ($100 billion)
- Advancement of clean energy manufacturing and technology ($300 billion)

The Plan also proposes a ten-year extension and phase down of an expanded direct-pay production tax credits ("PTCs") and investment tax credits ("ITCs") for clean energy generation and storage, continuing the federal incentive to continue solar and wind development through 2031. Extension of the ITCs and PTCs, coupled with the Administration's ambitious Offshore Wind Energy plan announced earlier this week, will support the Administration's goal to achieve 100% carbon pollution free power by 2035. The Biden Administration also plans to create a new ITC to stimulate the creation of at least 20 gigawatts of high-voltage capacity power lines. The Department of Energy forming a Grid Deployment Authority under the Plan to leverage existing easements and provide financing options for such transmission lines.

Carbon sequestration, which is currently incentivized through the Section 45Q federal income tax reduction credit, is targeted for expansion as well. The Plan calls for reforms and expansion of the 45Q credit, most notably transforming the credit from a reduction to direct pay.

The Plan allots $155 billion for the development of improved technology through investments in the National Science Foundation, laboratory upgrades, and research and development funding. Advanced research project funding through a new division of the Department of Energy, the Advanced Research Projects Agency-Carbon ("ARPA-C"), would augment funding opportunities already provided through the energy research and development program known as ARPA-E. The Plan also aims to increase investment in clean energy by budgeting $46 billion for federal procurement, which will "enable the manufacture" of electric vehicles, charging ports, electric heat pumps, and advanced nuclear reactors and fuel.

In addition to infrastructure expansion and energy production, the Plan aims to address contamination from mines and orphan hydrocarbon wells. Closure of abandoned mines and wells would be funded with $16 billion, with the goal of creating employment while minimizing greenhouse gas emission and pollutant migration from these sites. Investment in remediation and redevelopment of unoccupied industrial sites is allotted $5 billion.

The plan is expected to face fierce opposition in Congress, in large part because the Administration proposes to fund the Plan through an increase in the corporate tax rate from 21% to 28%, representing half of the corporate tax rate cut enacted by the Trump Administration. If it passes, however, the American Jobs Plan and Made in America Tax Plan have the potential to further invigorate investment in the renewable energy, infrastructure, and clean technology industries.

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