

BCSE Guidance on IRA and IIJA Implementation

Issue Brief

May 18, 2023

A key focus of the Business Council for Sustainable Energy's current policy advocacy is support for the clean energy and energy efficiency incentives included in the bipartisan Infrastructure Investment and Jobs Act and the Inflation Reduction Act. These landmark pieces of legislation – along with the [CHIPS and Science Act](#) of 2022 – put the United States on a path to achieving significant greenhouse gas emission reductions with strong and long-term federal policy support.

Infrastructure Investment and Jobs Act (IIJA)

The [Infrastructure Investment and Jobs Act](#) (IIJA), also known as the Bipartisan Infrastructure Law (BIL), was passed by the 117th Congress on November 6, 2021 with bipartisan support. IIJA provides robust funding for energy infrastructure and energy efficiency programs including:

- **Energy efficiency funding.** The IIJA funds state and local energy efficiency upgrades to buildings and transportation through the [Energy Efficiency and Conservation Block Grant Program](#) and the [State Energy Program](#). \$3.5 billion also goes to the [Weatherization Assistance Program](#) to improve the energy efficiency of low-income households.
- **Clean energy demonstrations and research hubs.** \$21.5 billion of the IIJA is provided for [developing innovative technologies](#) such as carbon capture, grid-scale energy storage, and advanced nuclear reactors. This funding includes \$8 billion for [clean hydrogen hubs](#), which will advance the decarbonization of heavy trucking and industrial sectors.
- **Energy resilience measures.** The IIJA includes funding to improve [climate and energy resilience](#) nationwide through improvements to weatherization, transportation infrastructure, flood mitigation, cybersecurity, and more.
- **Investments in power and grid infrastructure.** Modernizing the nation's electric grid is a key focus of the IIJA, which includes investments to accelerate the deployment of new [transmission lines](#), expand energy storage, and improve the [flexibility of the grid](#).

BCSE Advocacy

Through a [digital media campaign](#) and [outreach](#) to key Congressional offices, BCSE advocated for the passage of the IIJA and inclusion of funding for microgrids, energy efficiency, and resilience as well as clean energy and energy efficiency tax incentives.



The IIJA includes more than [\\$62 billion](#) in funding for the U.S. Department of Energy to deliver on these investments in power and grid infrastructure, energy efficiency, and advanced transportation. These investments are expected to create new jobs in the energy sector and reduce greenhouse gas emissions, as a part of the Biden Administration’s efforts to combat climate change.

Inflation Reduction Act (IRA)

The [Inflation Reduction Act](#) (IRA) was passed on August 16, 2022, representing a historic level of public sector investment in clean energy and climate change mitigation. The Democratic leadership in the House and Senate used a process called “budget reconciliation” to pass the IRA, which only required 50 votes to pass, instead of the usual 60 votes required for most bills. Republicans did not support this process and, as such, did not vote in favor of the legislation.

The IRA provides \$369 billion in funding for clean energy and energy efficiency initiatives – including \$270 billion in tax credits. Key initiatives include:

- **Energy efficiency incentives.** The IRA restores and greatly increases [energy efficiency tax credits](#) like 25C that will financially encourage homeowners to invest in energy-efficient home upgrades. The legislation also includes \$8.8 billion for [energy efficiency rebates](#) and efficient appliances, with most funds going to low- and moderate-income households.
- **Clean energy incentives.** A large share of the IRA’s funding goes to [tax credits](#) and rebates for energy storage, renewable power and fuels, and deep decarbonization technologies and resources like hydrogen and carbon capture utilization. Importantly, a number of these incentives transition to a technology neutral framework over time.
- **Electric vehicle tax credits.** The IRA includes up to \$7,500 in [federal tax credits](#) for consumer and commercial electric vehicles. The Treasury Department [released guidance](#) in 2023 addressing the battery and critical mineral provisions for the 30D credit.
- **Establishment of the Greenhouse Gas Reduction Fund.** The IRA invests \$27 billion into the [Greenhouse Gas Reduction Fund](#), which leverages private sector capital by awarding competitive grants to states and localities for projects that reduce greenhouse gas emissions, with an emphasis on projects that benefit underserved communities.

BCSE Advocacy

Through [outreach](#) to key Congressional offices and joint stakeholder efforts to the Congress (see this letter to the [Senate Democratic Caucus](#)), BCSE advocated for the passage of the IRA and inclusion of funding for energy efficiency initiatives, clean energy and sustainable transportation incentives, environmental justice, and the establishment of a climate bank.

During the 118th Congress, BCSE has maintained its support for the IRA and IIJA’s clean energy and energy efficiency investments, [urging policymakers](#) to reject legislative provisions that would rescind or alter them.



- **Funding for environmental justice.** The IRA [funds grants](#) to states, localities, territories, and tribal governments to reduce harm from air pollution, expand access to sustainable transportation, and improve community resilience.

Through these investments and more, the IRA has already [created new jobs](#) in the energy sector and [accelerated private investment](#) in clean energy solutions. Combined, clean energy funding from the IIJA and IRA could reduce emissions by more than 1,000 million metric tons of CO₂e in 2030, equivalent to the combined annual emissions released from every home in the United States, according to [estimates from the Department of Energy](#).

BCSE's Ongoing Guidance

BCSE continues to contribute to the rollout of these historic pieces of legislation as they enter the implementation phase. The Council has submitted [numerous comments](#) to the Departments of Energy, Transportation, and other agencies about various measures within both bills, including:

Inflation Reduction Act

Comments in Response to the EPA RFI on the Implementation Framework for the Greenhouse Gas Reduction Fund	May 12, 2023
Comments on the Credit for Carbon Oxide Sequestration	April 11, 2023
Supplemental Comments in Response to IRS Notice 2022-49, Clean Energy Generation Incentives in the Inflation Reduction Act	December 21, 2022; December 16, 2022; November 4, 2022
Comments on the Design and Implementation of the 45V Hydrogen Production Tax Credit	December 8, 2022
Comments on Department of Treasury and IRS Notice 2022-48, Incentive Provisions for Improving the Energy Efficiency of Residential and Commercial Buildings	December 7, 2022
Comments in Response to the Environmental Protection Agency RFI on the Design and Implementation of the Greenhouse Gas Reduction Fund	December 5, 2022
Comments on Department of Treasury and IRS Notice 2022-51, Prevailing Wage, Apprenticeship, Domestic Content, and Energy Communities Requirements	November 4, 2022
Comments in Response to the General Services Administration's Federal Buy Clean RFI: Construction Materials with Substantially Lower Embodied Carbon	November 3, 2022



Infrastructure Investment and Jobs Act

Comments on the Draft Guidance to Inform Maintaining and Enhancing Hydroelectricity Incentives	February 28, 2023
Joint Request for DOE Grid Resilience Correction Related to Microgrids in the Implementation of the IIJA	February 23, 2023
Comments in Response to the Department of Energy Draft Guidance Document for the Clean Hydrogen Production Standard (CHPS)	November 9, 2022
Comments in Response to the Department of Energy RFI on the Grid Resiliency and Innovation Partnerships Program	October 14, 2022
Comments in Response to the Department of Energy’s Office of Clean Energy Demonstrations RFI on Energy Storage Demonstration Projects	June 16, 2022
Comments in Response to the Department of Energy’s RFI Regarding Establishment of a Transmission Facilitation Program	June 13, 2022
BCSE and FPCC Comments to the Department of Energy’s RFI on Energy Improvements at Public School Facilities	May 20, 2022
Submission to the Department of Energy RFI on Designing Equitable, Sustainable and Effective Revolving Loan Fund Programs	May 6, 2022
Comments to the Department of Energy on 2022 Regional Clean Hydrogen Hubs Implementation Strategy	March 21, 2022
Comments to the Department of Transportation on the Development of Guidance for Electric Vehicle Charging Program and Charging and Fueling Infrastructure Program	January 28, 2022



For more information on this topic:

Infrastructure Investment and Jobs Act

- [White House IIJA landing page](#)
- [White House IIJA Guidebook](#)
- [Breaking Down the Bipartisan Infrastructure Law – Clean Energy Business Network](#)

Inflation Reduction Act

- [White House IRA landing page](#)
- [White House IRA Guidebook](#)
- [DOE Inflation Reduction Act Summary](#)
- [Clean Energy Business Network IRA FAQ](#)
- [Environmental Defense Fund’s IRA Implementation Tracker](#)
- [BCSE EV Tax Credit Issue Brief](#)