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Part 2 of our Clean Energy Transition Insights: Federal and State Governments Team Up to Support the Clean Energy Transition

By: Rich May

A last-minute flurry of legislation from Washington has raised the odds for successfully transitioning our grid's electric generation away from fossil fuels and towards renewable energy sources. Combined with recent moves by several state governments, including Massachusetts, policy has never been so focused on reducing greenhouse gas emissions and investing in a clean energy future. This post is one of a series from Rich May attorneys analyzing these developments and highlighting the opportunities and risks for businesses navigating the new policy terrain.

The Inflation Reduction Act ("IRA"), which passed Congress by the narrowest of margins and was recently signed into law by President Biden, stands as the federal government's largest investment to date in addressing climate change and transitioning to clean energy. Among other measures, the IRA commits over $350 billion to energy and climate initiatives, including:

- Consumer tax credits, rebates, and grants to support energy efficiency, home electrification, and electric vehicles;
- Incentives to clean energy businesses that manufacture solar panels, wind turbines, electric vehicles, heat pumps, and more;
- Investments in the clean energy transition of hard-to decarbonize sectors, including reducing emissions from industrial facilities, cutting methane leaks, and developing clean fuels; and
- Funds for environmental justice communities, including tax credits and rebates for home electrification and funds to cut air pollution from heavy-duty vehicles and ports.

The IRA builds on other recent major pieces of federal legislation. Starting with the bipartisan Energy Act of 2020, running through the American Rescue Plan Act and Bipartisan Infrastructure Law of 2021, and culminating with the CHIPS and Science Act and

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the IRA in recent weeks, Congress has substantially revamped federal energy policy.

The states have responded with policy moves of their own, notably in Massachusetts. The latest legislation, "An Act driving climate policy forward" (the "2022 Climate Act"), is an omnibus energy and climate package. Among other provisions, the 2022 Climate Act:

- Invests in offshore wind generation and transmission, facilitates solar development in agricultural areas, and promotes the deployment of geothermal energy systems;
- Plans for a future that relies less on natural gas, limiting incentives for efficient natural gas systems, and authorizing up to ten municipalities to ban natural gas infrastructure in new construction;
- Electrifies the transportation system by extending rebates for the purchase of electric vehicles (with additional rebates for low-income purchasers) and committing the MBTA to operate an all-electric fleet by 2040; and
- Affirms the essential role of the Mass Save ® energy efficiency program in addressing the Commonwealth's energy goals and adds additional reporting requirements for the program.

The 2022 Climate Act represents the second piece of significant climate legislation by the Massachusetts Legislature in as many years. With this year's legislation, Massachusetts has set the bar higher yet again in its race with other states to promote the clean energy economy, including California, Colorado, New York, Virginia and Washington.

Rich May attorneys look forward to working with clients to take advantage of these legislative developments and to avoid the pitfalls that inevitably accompany the launch of major new government initiatives. Future posts in this series will take a closer look at highlights from these new pieces of legislation.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorneys Emmett E. Lyne and David Lyons.