

# Exhibit to Agenda Item #2

Provide the Board an informational briefing on federal legislative activities.

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, November 30, 2022, scheduled to begin at 5:30 p.m.  
Virtual Meeting (online)

# Legislative Update 2022

2022 Legislative Highlights

Inflation Reduction Act:  
Energy Tax Credits & More

Infrastructure Bill  
Implementation

Election 2022...and 2024





## Legislative Highlights

- Is he in or is he out? The many moods of Manchin
- Governing by crisis: Ukraine, baby formula, inflation
- CHIPS Act
- Supreme Court decisions: *Dobbs, West Virginia*
- Build Back Better becomes Inflation Reduction Act
- Lame duck

# Inflation Reduction Act Wins for SMUD

1	2	3
Extension and expansion of clean energy tax credits with direct pay	Electric Vehicle tax credits	Other clean energy grants and rebates
\$161 billion	\$7500 new, \$4000 used Up to \$40k commercial	\$ amounts vary
Lots of new strings attached!	Even more strings attached!	Transmission siting, emissions reduction, building electrification

# IRA – New grant and rebate programs

## Grants

- Forgivable loans for rural energy
- Rural Energy for America
- Biofuel infrastructure
- Siting interstate transmission lines
- Clean heavy-duty vehicles
- Green Bank
- Environmental and Climate Block Grants

## Loans, Rebates, Etc.

- Home energy performance based rebates
- High-efficiency electric home rebates
- Assistance for building code adoption
- Energy Infrastructure Reinvestment Financing
- Transmission facility financing

# Technology-specific Tax Credits (2022-2024)

## Production Tax Credits (PTC)

-Extended: Wind, solar, biomass, geothermal, waste, marine, hydrokinetic, fuel cells, combined heat & power

-New: Carbon capture, clean hydrogen, hydropower, existing nuclear

## Investment Tax Credits (ITC)

-solar, wind, fuel cells, combined heat & power, geothermal, stand-alone storage, biogas, interconnection property, electrochromic glass, linear generators





## Tech-neutral Tax Credits

PTC or ITC available to generators placed in service after 2025 with an emissions rate of zero

Credits phase out when electric sector emissions are 25% or less of 2022 levels

# Conditions change credit value

Base credit values: \$0.003 per kWh (PTC); 2% or 6% depending on the technology (ITC)

Increased credit values: \$0.026 per kWh (PTC); 30% (ITC)

- Must pay **prevailing wages** to laborers, mechanics, contractors and subcontractors during construction and for ten years thereafter AND use **qualified apprentices** for 10-15% of the total labor hours for construction, alteration, or repair

Bonus credit rate: 10% or 10 *percentage point* increase if above conditions are met AND a certain percentage of components are manufactured in the United States (40% immediately and increasing each year)

- If **domestic content** requirements not met after 2024, direct pay loses value

Bonus credit rate: 10% or 10 *percentage points* if project is located in an “**energy community**”



# Implementing New Grant Programs

First, reorganize

Staff up

Identify overlapping programs and combine

Request information

Notice of Intent

Enable Teaming Lists

**Stay up to date at [energy.gov/bil](https://www.energy.gov/bil)**



# SMUD Pre-Capture Efforts

Comments on Long-Duration Storage program

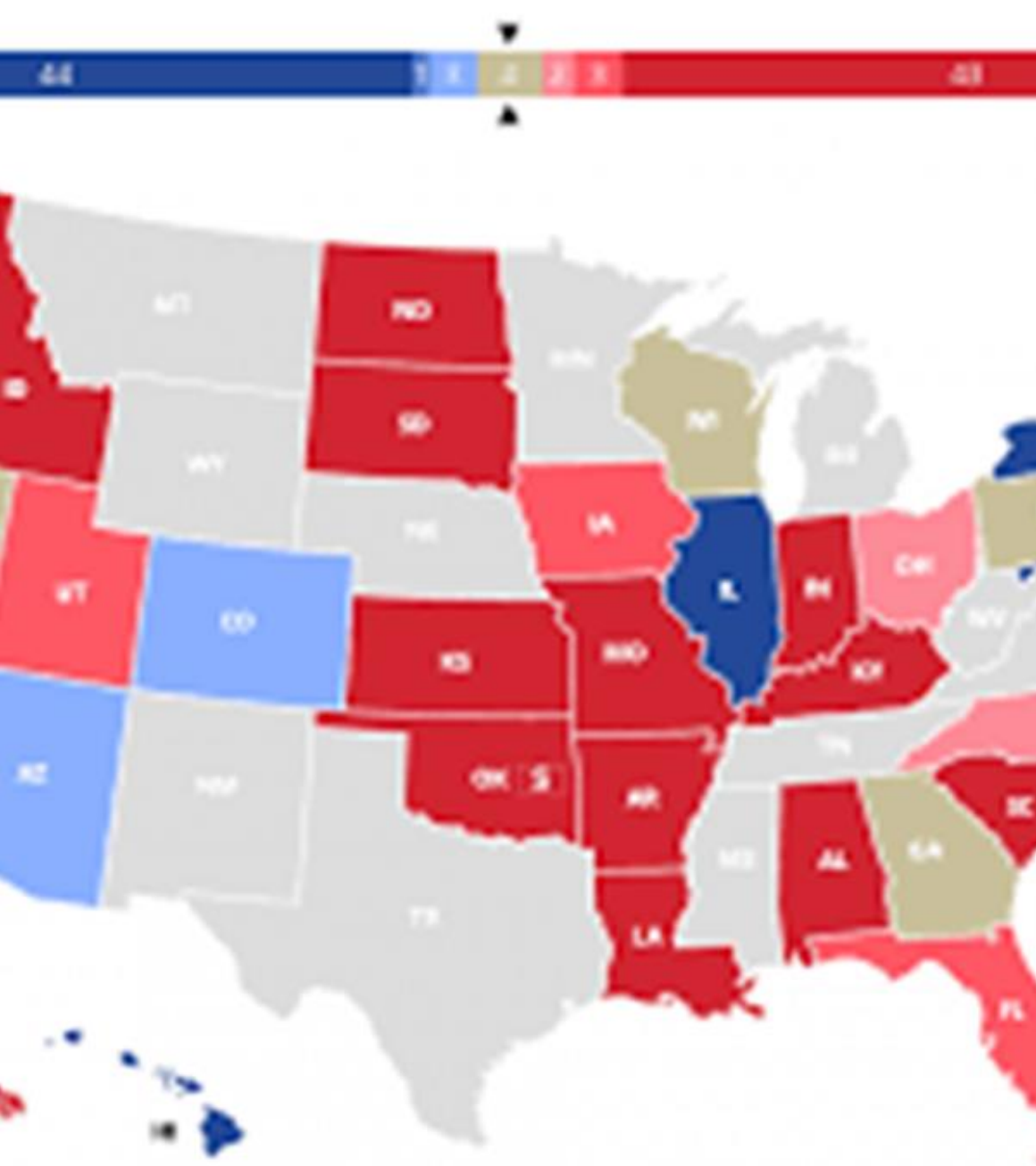
Comments on Grid Resilience & Innovation Partnerships program

Meetings and presentation to Department of Energy

Collaboration with state on formula grants, regional projects

Grid Forward, Business Council, American Public Power Assoc. participation





# Election Overview

## 14 Dem-held seats

- 2 toss-up (Warnock, Cortez Masto)
- 3 competitive (Kelly, Bennet, Hassan)

## 21 GOP-held seats

- 2 toss-up (Johnson, PA-open)
- 2 competitive (NC-open, OH-open)

# Election Overview

All 435 seats were up

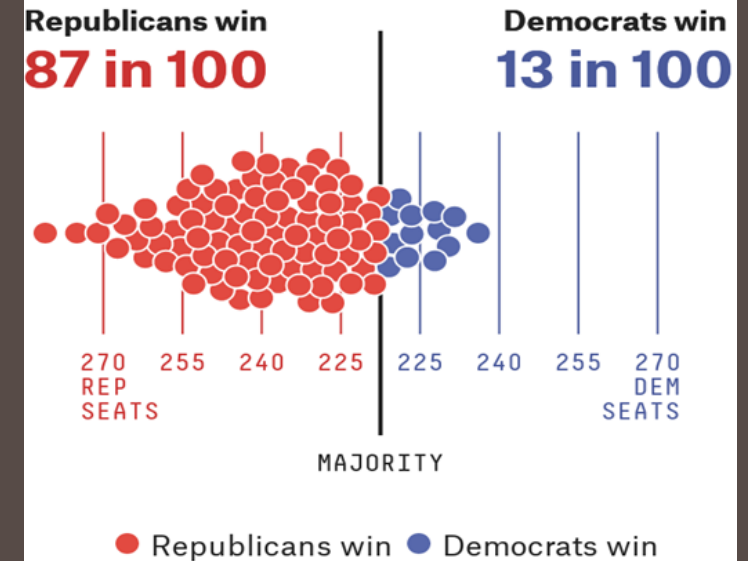
First election after redistricting

President's party tends to lose seats in midterms

5 open seats with >75% chance of flipping to GOP, lots more that were 50/50

## Republicans are *favored* to win the House

The Deluxe version of our model simulates the election 40,000 times to see who wins most often. This sample of 100 outcomes gives you an idea of the range of scenarios the model considers possible.





## What does it all mean?

Divided government

Challenges to implementing Dems' bills

Appropriations austerity

Leadership growing pains

Aggressive oversight in House

Beginning of 2024 presidential campaign

# Questions?



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