



Industrial Innovation Initiative

a partnership between Great Plains Institute and
World Resources Institute

July 23, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives

The Honorable Chuck Schumer
Democratic Leader
U.S. Senate

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives

Dear Leader McConnell, Speaker Pelosi, Leader Schumer and Leader McCarthy:

On behalf of participants in the Industrial Innovation Initiative (I³), we submit for your consideration in COVID19-related legislation [targeted federal measures](#) that will spur near-term economic activity and job retention and creation as our nation seeks to recover from the crisis caused by the pandemic, while putting key industries on a path to achieving long-term emissions reductions, fostering high-wage jobs, and ensuring continued U.S technology leadership and competitiveness.

I³ represents leading industrial, electric power and technology companies, environmental organizations, and state officials from the Midwestern and Gulf Coast industrial heartland of our country. This initiative is co-convened by the Great Plains Institute (GPI) and the World Resources Institute (WRI).

As you know, the effects of COVID-19 on the industrial sector have been profound. Demand has declined dramatically for many commodity products due to lack of travel and a decrease in business and consumer confidence and purchasing, leading to widespread plant closures, job losses and other significant financial and operational consequences for U.S. industry.

For this reason, participating organizations, which include some of the nation's largest cement, steel, and chemical manufacturers, worked to identify policies that could support industry and American workers while incentivizing investment in advanced energy efficient and low-carbon technologies, processes, products and markets within the industrial sector. Selected policies were designed to satisfy four criteria: 1) provide near-term potential to drive economic activity and preserve and create well-paying jobs; 2) support investment in and deployment of industrial technologies, processes and infrastructure that will reduce emissions and enhance competitiveness in a future low-carbon economy; 3) be implemented quickly, relying on existing authority and avoiding the need for further rulemaking or guidance procedures, where possible; and 4) have prospects for broad bipartisan support. The recommendations are outlined below:

- Allow a direct pay option for energy efficiency, clean energy and industrial tax credits that target industrial carbon emissions reductions;

- Eliminate the 45Q tax credit eligibility thresholds for industrial facilities and carbon utilization projects, which deter technology innovation and emissions reductions;
- Authorize funds for a temporarily expanded U.S. Department of Energy (DOE) cost-share program for commercial-scale technology demonstrations, front-end engineering & design studies, and saline geologic storage sites;
- Enhance financial support for early stage deployment of clean industrial technologies by removing barriers to the Title 17 DOE loan guarantee program, and revise eligibility criteria to include key industrial technologies;
- Lower the cost of investing in new production lines for designated clean technologies by renewing and expanding the Section 48C Advanced Manufacturing Tax Credit Program;
- Enhance technical assistance for deployment of commercially available industrial decarbonization technologies through DOE's Better Buildings, Better Plants Initiative;
- Expand block grant funding for states to support industrial efficiency, with increased funds for states that establish programs to help build market demand for low-carbon products; and
- Augment investment in research, development and pre-commercial demonstration (RD&D) of innovative industrial emission reduction technologies.

The development and broader commercial deployment of emerging and established industrial technologies and processes made possible by these recommendations will not only enable deep emissions reductions, but also help to preserve and grow U.S. industrial production and safeguard its associated domestic employment and tax base in the wake of COVID-19.

Thank you for your efforts to help our nation respond to the pandemic. We request your consideration of these recommendations and stand ready to work with you to secure their implementation.

Sincerely,

Brad Crabtree
Vice President, Carbon Management
Great Plains Institute
(701) 647-2041; bcrabtree@gpisd.net

Nicholas Bianco
Deputy Director, WRI United States
World Resources Institute
(401) 374-3027; Nicholas.Bianco@wri.org

I³ Recommendations Participation

The development of the listed policy recommendations by the Industrial Innovation Initiative was facilitated by Great Plains Institute and World Resources Institute. The following participating entities took part in the discussion and development of these recommendations and support the suggested policy changes provided in this document.

American Council for an Energy Efficient
Economy

Linde

ArcelorMittal

Minnesota Power

Clean Air Task Force

National Wildlife Federation

Dow

Oxy Low Carbon Ventures

Entergy

Pacific Ethanol

Growth Energy

Solidia

LafargeHolcim

The Nature Conservancy

LanzaTech

Third Way

Louisiana Department of Natural
Resources

Wisconsin Office of Energy Innovation