IBEW POLICY BRIEF

Chapter 5: A Just Transition for Energy Workers

The IBEW supports federal legislation that would incentivize employers to keep displaced fossil fuel workers working.

The IBEW is the largest labor union in the power sector. Approximately 85,000 members in the U.S. work at coal and natural gas power plants. As a result of efforts to limit climate change, many fossil fuel workers today are vulnerable to potential displacement due to the transition to other forms of electrical generation, such as solar and wind power. The U.S. Energy Information Administration has found that between 2011 and 2021, nearly 89 gigawatts of coal-fired electric generation capacity were retired in the United States. That equates to about a third of the total coal-fired generation capacity. The Government Affairs Department aims to protect fossil fuel workers from displacement, especially IBEW workers who find themselves unemployed through no fault of their own and who are often among best paid blue-collar workers in their communities. Congress needs to take action and ensure these workers are made whole.

Recent Developments

Worker Retention

The IBEW supports a policy that would incentivize fossil fuel employers, primarily electrical utility companies, to keep displaced fossil fuel workers on their payroll. This policy proposal would also include provisions for utility companies to redirect displaced workers to perform other duties at the company. Lawmakers can model such an incentive after the Employee Retention Tax Credit (ERTC) created under the The Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERTC, initially designed for small employers, gave these businesses a tax credit of $7,000 per annual quarter for a total of $28,000 in annual tax credits for keeping an employee on their payroll. Lawmakers can use a modified version of the ERTC to support the significant number of fossil fuel workers vulnerable to displacement in the coming years. Prioritizing the protection of the workers in this industry is a must, considering that the U.S. has increasingly focused greater attention on reducing carbon emissions in the power sector.

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The American Energy Worker Opportunity Act

Another policy proposal intended to provide a transition to traditional energy workers is the AFL-CIO-endorsed American Energy Worker Opportunity Act. This legislation would create a worker transition program with wage supplements, health care benefits, education and training funds, and additional help for children of laid-off workers. It would include the following:

- Eligibility if the employer terminates them through a layoff from a coal mine, coal-fired power plant, coal transport or oil refinery, provided that the worker was employed continuously and full-time for at least 12 months before the layoff
- Wage replacement or supplement and assistance to maintain health benefits and contribute to retirement
- Eligibility for grants for allowable education and training up to and including a four-year degree
- Direct educational grants for the children of dislocated workers deemed eligible by the program for allowable education and training up to and including a four-year degree
- A prioritization of employers who plan to hire eligible workers for the clean energy grants created under the Inflation Reduction Act

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IBEW POLICY BRIEF

Chapter 9: Labor Standards on Federal Energy Tax Credits

Foundational to IBEW's advocacy efforts is the inclusion of labor standards on all federally-assisted construction projects. IBEW's advocacy efforts for labor standards include any federal incentives or assistance for infrastructure projects. A core provision of this policy is that all recipient contractors and subcontractors must pay, at the very least, Davis-Bacon Act prevailing wage rates. The IBEW's list of federal investments that must have labor standards includes, but is not limited to:

- Tax Credits
- Loans
- Bonds
- Grants
- Direct Federal spending

Congress uses federal tax credits and deductions as one of its main tools to drive the construction of clean energy infrastructure to combat climate change. Renewable energy tax credits are most often within Congress' priorities with tax law. The IBEW supports the following labor standards on all legislation that provides federal financial assistance or incentives for energy infrastructure:

- Prevailing wage requirements
- Registered apprenticeship utilization requirements
- Union neutrality agreements
- The application of the ABC test to combat worker misclassification
- Local hire provisions

Recent Developments

The clean energy tax credits under the Inflation Reduction Act of 2022 include prevailing wage and apprenticeship utilization requirements are a major legislative win for the IBEW. As a result, the Government Affairs department will now focus on ensuring agencies implement and enforce the labor standards appropriately on clean energy tax credits.

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The Inflation Reduction Act of 2022

The Inflation Reduction Act includes critical strong labor protections in over $300 billion in tax credits for clean energy infrastructure projects. Such protections will guarantee that these projects will create middle-class, family-sustaining career opportunities across America.

Labor Standards in the Inflation Reduction Act of 2022

The Inflation Reduction Act modifies several existing clean energy and energy efficiency tax incentives. This update to these tax incentives provides for two tax credit values: a base rate and an alternative or bonus rate. The bonus rate equals five times the base rate. It applies to projects that meet prevailing wage and apprenticeship utilization requirements. A taxpayer must satisfy both criteria to receive the bonus credit rate. Otherwise, they may claim the appropriate credit at the base rate.

The prevailing wage requirements require that the taxpayer ensure laborers and mechanics are paid prevailing wages during the construction of a qualifying project. In addition, in some cases, the alteration and repair of the project for a defined period after the owner places it into service also require prevailing wage rates. The U.S. department of labor publishes the most recent prevailing wage rates for a locality on SAM.gov (see chapter resources.)

The apprenticeship requirements require that the taxpayer ensure that qualified apprentices perform no less than the applicable percentage of the total labor hours of the project. The appropriate percentage for this requirement is 10 percent for projects beginning in 2022. This rate increased to 12.5 percent in 2023 and 15 percent after that. In addition, the taxpayer and any contractor or subcontractor that employs four or more individuals to perform construction on a qualifying project must employ at least one qualified apprentice.

The Inflation Reduction Act includes stringent penalties for noncompliance with the wage and apprenticeship requirements in the Inflation Reduction Act; these penalties include:

- Prevailing wage violation penalties:
  - Suppose the taxpayer fails to satisfy the requirements, they may cure the discrepancy (and still claim credits at the bonus rate). They can remedy their mistake by compensating each worker the difference between actual wages paid and the prevailing wage, plus interest, and paying a $5,000 penalty per worker paid below the prevailing wage during the taxable year.
  - Suppose the discrepancy is the product of "intentional disregard," the taxpayer must pay each worker three (3) times the difference in wages, and Treasury increases the penalty to $10,000 per worker. Once the Treasury determines a discrepancy occurred, the taxpayer must make payments to the affected employees and the Treasury within 180 days of the determination to remain in compliance.

- Apprenticeship utilization violation penalties:
  - Suppose a taxpayer fails to satisfy the apprenticeship utilization requirements. In that case, they may cure the discrepancy by paying the penalty to the Treasury equal to $50 multiplied by the total labor hours for which the conditions are not satisfied.
  - This penalty is increased to $500 per hour if the discrepancy is the product of "intentional disregard" for the requirements

- EXCEPTION to apprenticeship requirements:
  - Taxpayers who have made a "good faith effort" to hire qualified apprentices for project construction are deemed to satisfy the requirement and are eligible for the bonus rate. A "good faith effort" is defined as requesting apprentices and receiving a denial or not receiving a response within five (5) business days.

Renewable Energy Tax Credits in the Inflation Reduction Act

Examples of renewable energy tax incentives included in the Inflation Reduction Act include:

- Section 13101: This provision provides for an extension of 3 years and modification of the Production Tax Credit (PTC) through December 31, 2024
  - The provision re-establishes the Solar PTC. Full credit availability is subject to Labor Standards; an additional 10 percent bump for domestic content. 10 percent increased credit for property placed in an energy community. Energy community means: a) a brownfield site, b) an area with significant employment in coal, oil or natural gas and an unemployment rate at or above the national average, and c) a coal mine closed after 1999 and a coal plant retired after 2009.

- Section 13104: This provision provides an extension and Modification of Credit for Carbon Oxide Sequestration, referred to as Sec. 45Q
  - This credit has a beginning construction deadline of December 31, 2032. Direct Air Capture (DAC) facilities must capture at least 1,000 metric tons of carbon oxide. Credits are modified to include a base credit of $26/ton if carbon oxide is utilized or $36/ton if sequestered. If the employer meets labor standards, it increases to $130/ton and $180/ton. Electricity-generating facilities must capture at least 18,750 metric tons of carbon oxide. The credit is modified to include a base credit of $12/ton if carbon oxide is utilized or $17/ton if sequestered. The credit increases to $60/ton and $85/ton if the employer meets labor standards. The credit period is 12 years.

- Section 13105: This provision creates a Nuclear Production Tax Credit referred to as Sec. 45U
  - The base credit rate of 0.3 cents/KWh and a bonus credit rate of 1.5 cents/kWh. Credit is reduced as the sale price of such electricity increases, with a complete phase-out once the price reaches $43.75/MWh. In addition, Congress clarified the treatment of State Zero Emissions credits and how the agency counts the credit toward calculating the nuclear PTC. Effective January 1, 2024, and expires December 31, 2032.

- Section 13204: Provides for creating a Clean Hydrogen Production Tax Credit, referred to as Sec. 45V
  - This credit is equal to the applicable percentage of the base rate of $0.60 or the bonus rate of $3.00, indexed to inflation, multiplied by the volume (in kilograms) of clean hydrogen. Congress bases the applicable percentage on the "lifecycle greenhouse gas emissions rate." The credit is scaled based on greenhouse gas emissions, with complete credit phase out at or above 4 kg of CO2e per kg of hydrogen. It can be used or sold to be eligible for credit. Includes the optionality to elect for the ITC if the asset meets specific requirements. Effective for hydrogen produced after December 31, 2022, at a clean hydrogen facility constructed before January 1, 2033.

- Section 13303: This provision expands the Energy Efficient Commercial Buildings Deduction, referred to as Sec. 179D
  - It increases the maximum deduction and changes it from a lifetime to a 3-year cap. Congress has updated the eligibility requirements for the credit. Now the property must reduce associated energy costs by 25 percent or more compared to a building that meets the ASHRAE standards as of 4 years before the owner places the installation into service. Increased deduction based on meeting Labor Standards.

Chapter Resources

Hyperlink	URL	QR
Labor Standards on Federal Credits Resources:		
Wage Determinations	https://sam.gov/content/wage-determinations	

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IBEW POLICY BRIEF

Chapter 10: Carbon Capture Technologies

The IBEW supports proposals to develop emerging technologies in carbon capture utilization and storage (CCUS). In particular, the IBEW supports technologies that can achieve carbon reductions at utility and industrial plants while highlighting American engineering and manufacturing and creating tens of thousands of new jobs.

Domestic energy sources like natural gas and coal are baseload (24/7) sources of electricity production in an industry that provides workers, particularly in rural communities, with a reliable livelihood. The United States has retired some 88,700 megawatts of coal capacity since 2011, mainly due to lower natural gas prices. The U.S. Energy Information Administration (EIA) projects an additional loss of 12,600 megawatts by the end of 2022. Coal and natural gas significantly contribute to the total U.S. power generation mix. The EIA predicts natural gas will provide over 30 percent of the entire U.S. generation in 2050.

The consensus is that CCUS is essential in reducing carbon emissions. The broad deployment of CCUS is key to avoiding the worst effects of climate change. Implementation of CCUS technology can support energy security, protect existing energy infrastructure, and create high-quality family-supporting jobs.

The IBEW's position is that CCUS adoption is essential to safeguarding energy careers critical to working families and communities across the U.S. IBEW members have worked countless hours installing and maintaining pollution control equipment in coal-fired powerhouses, steel mills, automobile manufacturing facilities, oil refineries, and other industrial facilities.

What Does Carbon Capture Technology Provide?

Effective CO_2 Control

To reach near-zero or equivalent emission targets, CCUS in retrofit applications can work with both coal and natural gas in retrofit applications. For example, for utilities, a coal plant

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with 90 percent effective CO2 removal has an emission rate of about 200 pounds of CO2 per megawatt-hour, compared with 800 pounds for uncontrolled new natural gas combined-cycle units. In addition, for many industrial sources, like refineries, steel, chemicals, paper, and cement, CCUS may be the only effective CO2 control option.

Fuel for the Economy and Energy Independence

The deployment of advanced coal technology and CCUS will provide the United States with a path to enhanced oil recovery, energy independence, and greenhouse gas emission reductions. The commercialization of CCUS would also offer the United States a critical technology it could export to other countries. In addition, by leading the CCUS market, the United States can target countries that are significant consumers of fossil fuels, like China and India.

Recent Developments

The Energy Act of 2020

The Energy Act of 2020 passed with strong bipartisan support and created several research and pilot programs to support the development of carbon capture and direct air capture technologies. Among the new programs developed are:

- A general research and development program for carbon capture technologies authorized at $230 million annually and gradually decrease to $150 million by 2025
- A large-scale carbon capture pilot project program that Congress authorized at $225 million for 2021 and 2022, $200 million for 2023 and 2024, and $150 million for 2025
- A new program for demonstration programs – two focused on capture at natural gas facilities, two at coal facilities, and two for emissions at other industrial facilities with funding for $400 million annually through 2024 and $600 million annually in 2025
- A new research, development, and demonstration program to examine methods, technologies, and strategies for large-scale carbon dioxide removal from the atmosphere

The Bipartisan Infrastructure Law (BIL)

The BIL creates several new programs to support the research, demonstration, and commercialization of carbon capture technologies; these include:

- $3.5 billion for Regional Direct Air Capture Hubs, which would create four direct air capture hubs (facility, technology, or system that uses carbon capture equipment to capture carbon dioxide directly from the air)
- $2.5 billion for Carbon Storage Validation and Testing for the development of new or expanded commercial large-scale carbon sequestration projects and associated carbon dioxide transport infrastructure, including funding for the feasibility, site characterization, permitting, and construction stages of project development
- $2.1 billion for Carbon Dioxide Transportation Infrastructure Finance and Innovation Program to establish and carry out a large-capacity, common carrier infrastructure with associated projects in all significant carbon-dioxide emitting regions of the United States
- $355 million for energy storage demonstration projects, including carbon capture technologies and direct air capture technologies

Employers will pay all construction and maintenance workers prevailing wages on projects funded by carbon capture and direct air capture programs created under the BIL.

The Inflation Reduction Act (IRA)

The Inflation Reduction Act included an extension and modification of the credit for carbon sequestration. Often referred to as 45Q, this is the legal statute for credit. Direct air capture (DAC) facility construction projects must start before December 31, 2032. Benefits vary. Requirements and benefits are:

- Facilities must capture at least 1,000 metric tons of carbon oxide.
  - If the facilities utilize the captured carbon, DAC facilities can receive a base credit of $26 per ton, with an additional
  - $36 per ton if sequestered with an extra
    - Increase to $130 per ton and $180 per ton if the project adheres to labor standards
- Electricity-generating facilities must capture at least 18,750 metric tons of carbon oxide.
  - If the facilities utilize the captured carbon, it can receive a base credit of $12 per ton or $17 per ton if sequestered, with an additional
  - If the project adheres to labor standards, the facility is eligible for $60 per ton to $85 per ton, respectively.
- The credit period is 12 years.

IBEW and other stakeholders expect that the IRA reforms to the 45Q tax credit will significantly boost the building of carbon capture facilities around the country.

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IBEW POLICY BRIEF

Chapter 11: Tax Normalization for Utilities

The IBEW is supportive of Congress allowing regulated electric utilities to be able to opt-out of their current obligation to "normalize" federal investment tax credits (ITCs) over a long period and allow regulated utilities to compete on a level playing field as independent energy developers who are not required to normalize federal ITCs.

Regulated utilities are obligated under federal law to divide and spread, or "normalize," a federal ITC benefit to customers over an asset's life, typically at least 20 years but often longer. Standards within the U.S. tax code for normalization are different for deregulated companies and independent power producers than normalization standards for regulated electric companies. As a result, deregulated companies and independent power producers can share ITC benefits much faster with their customers. As a result, regulated electric companies are at a competitive disadvantage when proposing new investments in clean energy technologies. Instead, regulated utilities should be permitted to account for federal ITCs in the same manner as independent power producers do, including the abilities provided in Section 48 solar tax credit. Independent power producers can allow their customers to realize the benefit of the tax credit as soon as possible, usually within the first five years of the investment.

Regulated electric utilities are among the largest employers of IBEW members. Nearly a quarter million IBEW members hold full-time positions in the utility sector. Therefore, it is paramount that the members of the IBEW and their employers be allowed to compete on an equal basis as independent power producers. Independent power producers can utilize federal ITCs without the requirement to normalize.

Recent Developments

The Inflation Reduction Act's Changes to Tax Code

The Inflation Reduction Act made two fundamental changes to the tax code to allow investor-owned utilities to opt-out of their tax normalization obligations. These modifications enable investor-owned utilities to compete as independent power producers on an equal financial footing.

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First, the Inflation Reduction Act reauthorized the solar production tax credit. The solar PTC initially expired in 2005. Congress extended and modified the credit to allow all commercial-sized solar generation taxpayers to receive the tax credit for power generation. Commercial-sized solar generation taxpayers will receive the credit at the same rate as wind generation, 0.3 cents per kilowatt hour. In addition, the credit is multiplied by five if the solar PTC project satisfies the new prevailing wage and apprenticeship requirements.

Second, the Inflation Reduction Act consolidates the various renewable and clean energy tax credits into two new technology-neutral credits after 2024, the Clean Energy Production Tax Credit (Section 45Y) and Clean Energy Investment Tax Credit (Section 48E). Both credits, which will go into force in 2025, will provide similar rates of benefit as the earlier renewable tax credits but will not have any tax normalization obligation for investor-owned utilities.

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IBEW POLICY BRIEF

Chapter 12: Advanced Nuclear Power

The IBEW policies support initiatives that develop advanced nuclear technologies that extend the lives of current nuclear reactors. Nuclear generation is the only baseload (24/7) source of zero-emissions energy production. Nuclear generation is critical if the United States continues to reduce carbon emissions and avoid the worst potential impacts of climate change. Moreover, nuclear is the only carbon-free source that can ensure around-the-clock generation.

Next-generation nuclear power is a critical component of the effort to combat climate change. The IBEW supports research and development funding and collaboration with industry to nurture next-generation nuclear reactors, balancing economic competitiveness with reasonable regulatory oversight. Advanced nuclear technology is a fundamental component of an all-of-the-above energy strategy.

Nuclear plants provide an industrial base in the geographic area. The industry supplies high-quality employment, providing family-sustaining careers that pay, on average, one-third more than other jobs in the community. The IBEW is the largest union in the nuclear industry – 15,000 IBEW members are employed full-time at 55 nuclear facilities across the United States. In addition, thousands more IBEW members in the construction sector rotate through nuclear plants under contracts for maintenance and refueling. Nuclear generating facilities are among the safest industrial work environments in the world.

Nuclear power has accounted for about 20 percent of annual U.S. electricity generation since the late 1980s. In 2020, it was 19.7 percent. In recent years, the U.S. nuclear power industry has faced economic challenges. These challenges are particularly true for plants located in power markets where natural gas and renewable power generators influence wholesale electricity prices. As a result, thirteen U.S. nuclear power reactors have permanently closed since 2012. In addition, owners of U.S. nuclear reactors have announced six additional U.S. reactor retirements through 2025. Some of these planned closures, such as Diablo Canyon in California, may be delayed due to grid reliability concerns and new federal incentives for nuclear generation.

CHAPTER 12

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Recent Developments

Nuclear's Future

Nuclear Energy Provisions in the Bipartisan Infrastructure Law
The Biden administration has identified the nation's current fleet of nuclear power plants as vital for achieving the national goals of a net-zero electricity sector by 2035 and net-zero emissions economy-wide by 2050. Accordingly, the Bipartisan Infrastructure Law (BIL) includes several nuclear energy-related provisions. Through the Department of Energy (DOE)'s new Advanced Reactor Demonstration Program (ARDP), these provisions outline support for keeping nuclear power plants online that are facing economic hardship.

The BIL established a $6 billion civil nuclear credit program designed to preserve the existing nuclear fleet and prevent premature shutdowns of nuclear power plants. The DOE expects this provision to help maintain the U.S. reactor fleet and save thousands of high-paying jobs across the country. The law provides $6 billion through 2026 ($1.2 billion annually).

Under this program, owners or operators of commercial U.S. reactors can apply for certification to bid on credits to support their continued operations. The project owners must show that the reactor will close for economic reasons without aid. Additionally, project owners must demonstrate that the closure will lead to a rise in carbon emissions.

The BIL recognizes the contributions of our nation's existing nuclear reactor fleet in providing reliable, clean power to millions of households and supports continued operations of these clean energy sources and the nearly 100,000 U.S. jobs in the nuclear industry.

Reliability for Uncertain Times

While the United States implements more intermittent renewable power from solar and wind, the need for reliable baseload generation will grow. Especially considering the severe weather, such as polar vortexes to triple-digit summer heatwaves the U.S. has been experiencing in recent years. These extreme weather events have revealed the need for nuclear power and the zero-emission baseload generation it provides.

The United States can reduce CO2 emissions by 3.5 billion tons by 2050 if we ensure that all existing nuclear reactors run for 80 years instead of 60 years. In addition, the U.S. expects electricity demand to rise significantly in the coming decades, so clean and reliable electricity is paramount.

A Permanent Place for Waste

Critical to the future of the nation's nuclear sector is opening a permanent repository for spent nuclear fuel. More than 88,000 metric tons of spent nuclear fuel are sitting at 121 temporary sites in 39 states across the country. Going back to the late 1970s, the IBEW has endorsed legislation that ensures central storage, safe transportation, and permanent disposal of spent nuclear fuels.

Due to local opposition, the Department of Energy has abandoned the decades-long effort to designate Nevada's Yucca Mountain as a repository. Instead, it has announced a search for willing communities to store nuclear waste.

A permanent geologic repository would help boost support for nuclear generation. Storage stability for byproducts will solidify nuclear as a foundational part of our nation's energy portfolio. We also need to ensure public support for the next generation of advanced nuclear reactors that will come online soon.

In the interim, the IBEW supports opening a temporary facility to store spent nuclear fuel safely. An interim facility would allow for the redevelopment of shuttered nuclear plants. The facility would also bring economic revitalization, tax revenue, and jobs to working families and communities that the closures have hard hit. In addition, due to existing electrical transmission infrastructure, many closed nuclear stations are ideal sites for the future development of other forms of electrical generation, including renewables.

Pending Priorities

Fuel for Advanced Nuclear Reactors

The U.S. government is already pivotal in developing new advanced reactors. The Department of Energy's Advanced Reactor Demonstration Program represents a multi-billion-dollar commitment to developing and deploying new nuclear technologies. However, most of these new reactors require a next-generation nuclear fuel called High-Assay, Low-Enriched Uranium (HALEU). Nine designs selected for DOE's Advanced Reactor Demonstration Program require HALEU-based fuels. Unfortunately, no HALEU is produced in the United States today for commercial purposes. The only international source currently available is imported from Russia. The IBEW and the nuclear industry have been calling for federal support for domestic HALEU production. The need for a safe domestic source of HALEU fuel has become more pressing since Russia began its invasion of Ukraine in late February 2022.

The now-passed Inflation Reduction Act appropriates $700 million to support the availability of HALEU. In addition, Congress has funded civilian domestic research, development, demonstration, and commercial use and used a competitive, merit-based review process.

Nuclear Power Production Tax Credit

The Inflation Reduction Act has created a new production tax credit (PTC) for conventional nuclear generation. Congress modeled the nuclear PTC tax credit after wind generation's current production tax credit. The nuclear PTC tax credit will now provide a base credit rate of 0.3 cents/kWh and a bonus credit rate of 1.5 cents/kWh. Credit is reduced as the sale price of such electricity increases, with a complete phase-out once the price reaches $43.75/MWh. To claim the credit, the nuclear facility must pay its construction and maintenance workers prevailing wages. Effective Jan. 1, 2024, and expires Dec. 31, 2032.

Like the Energy Department civil nuclear credit program, the nuclear PTC intends to help financially vulnerable nuclear facilities. Nuclear PTC will increase the competitiveness of nuclear plants when matched against natural gas and renewable generation. The program's ability to increase nuclear competitiveness is especially true in unregulated energy markets. It will also end the string of premature nuclear plant retirements that have resulted in lost work hours and jobs for IBEW members.

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