

ANALYSIS

IRA:

Our Analysis of the Inflation Reduction Act

KEY REPORT FINDINGS

Supporters of the IRA have claimed that the law provides \$60 billion in environmental justice funding, without demonstrating how this number was calculated. A section-by-section analysis of the IRA's text, adding up appropriations and other spending tailored towards environmental justice communities and low-income residents, arrives at a total of \$40 billion, or \$27 billion in appropriations only.

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About Just Solutions Collective

Just Solutions Collective

[Just Solutions Collective](#) is a BIPOC-led organization working to broaden and deepen the understanding of equitable and effective policies and programs to support the priorities of environmental justice organizations to define, innovate, replicate, and scale their solutions to the climate crisis. We do this work by: identifying and coalescing leading community-created policy solutions; conducting requested, relevant, comprehensive, and accessible policy analysis and research; organizing peer learning, foundational educational programming, space for states to share and strategize; and providing financial support for expertise, ideation and participation.

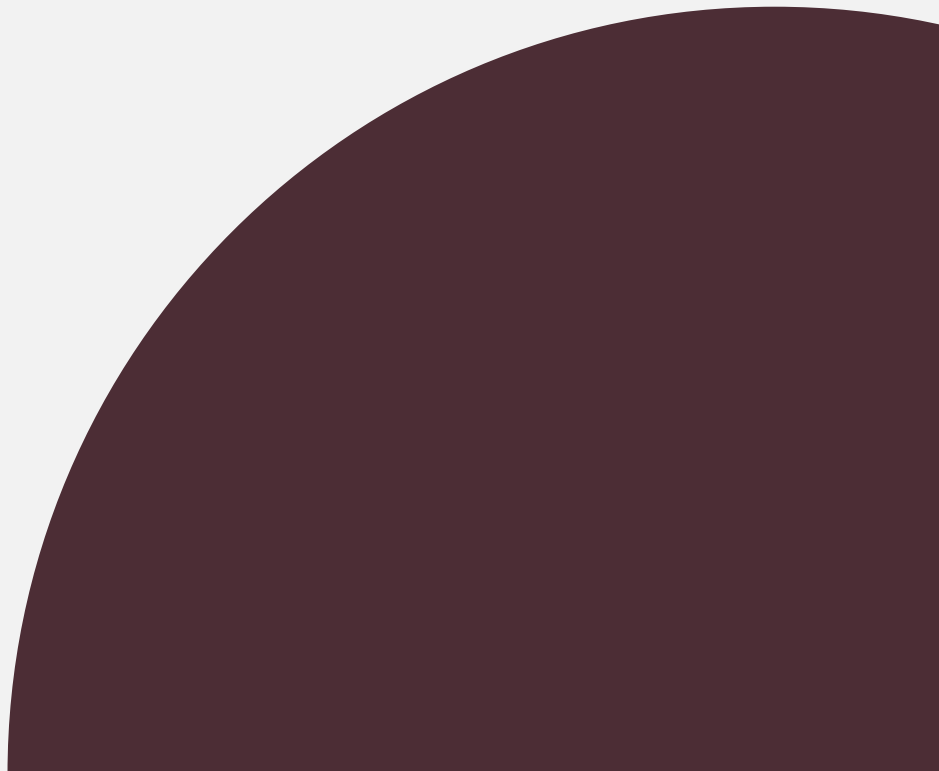
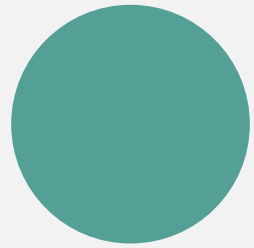
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Our Analysis of the Inflation Reduction Act (IRA)

Historic climate investments, big give-aways to industry, environmental justice priorities short-changed.

The Inflation Reduction Act (IRA) passed the U.S. Senate on August 7, 2022 and was signed into law by President Joseph R. Biden on August 16. The law has been lauded as the biggest climate change legislation in the history of the United States, with Democrats and supporters touting the law’s historic climate and clean energy investments.

In total, the IRA includes \$228 billion in appropriations and an additional \$324 billion in tax expenditures. The majority of the bill’s spending is climate- and energy-oriented, but also makes consequential changes to corporate tax law and Medicare.

The IRA’s climate and energy provisions are truly consequential, marking the first time substantial federal climate change legislation has been passed. While acknowledging this achievement, it is important to understand this law in its broader context, including the potential harms enabled by the law. We provide a detailed analysis of the environmental justice provisions in the IRA including beneficial investments, and also what policymakers and mainstream advocates overreach to suggest are environmental justice investments.

By itself, the IRA does not create a transition away from fossil fuels. While the IRA’s new and renewed incentives for clean, renewable energy are significant, longstanding fossil fuel subsidies have not been repealed, and various provisions of the IRA expressly enable continued fossil fuel production and extend further support to the fossil fuel industry, through both tax credits and direct financial assistance.

Notably, the law sets conditions on both onshore and offshore rights to develop wind or solar on federal land, requiring that the Department of the Interior first offer a certain number of acres of federal land for oil and gas leases. The law also requires the sale of previously canceled oil and gas lease sales in the Gulf of Mexico and Cook Inlet, Alaska. There are no provisions in the IRA that address the local environmental and health concerns of frontline communities who would be impacted by development of these fossil fuel leases.

More broadly, the transition to cleaner energy that the IRA is expected to catalyze is based on the assumption that private sector capital is deployed efficiently in a competitive market, and does not account for the agency of powerful vested interests with a proven track record, like the oil and gas industry or investor-owned utilities.

Direct appropriations in the IRA for environment, climate, and energy total \$145 billion. This is dwarfed by the \$270 billion provided in energy-related tax expenditures, through a variety of tax credits intended to incentivize primarily the private sector to invest in different aspects



of the alternative energy economy: from mining companies extracting lithium to factories manufacturing inverters to refineries making biomass-based jet fuel to utilities installing solar arrays. In addition, the IRA permanently reauthorizes two excise taxes on polluters that help pay for the environmental and health harms they cause: the Black Lung Disability Trust Fund and the Superfund tax on crude oil and petroleum products, which are projected to bring in revenues over the next decade of \$1.2 billion and \$11.7 billion, respectively.¹

Modeling from Energy Innovation finds that the IRA can result in a 37-43% reduction (from 2005 levels) in greenhouse gas emissions, compared to a 25% reduction in a business-as-usual scenario.² Rhodium Group's modeling is similar, finding an overall reduction of 32-42% from the IRA, compared to 24-35% without it.³ Notably, these models assume that various existing and nontrivial barriers to deploying renewables at scale are all overcome, including transmission and interconnection concerns and labor and supply chain limitations. Both models also assume the continued operation through the next decade of existing nuclear power plants, including those already planned for retirement.⁴

Overall, while the IRA makes significant and unprecedented contributions to addressing greenhouse gas emissions, it does so by reinforcing the status quo “all of the above” and market-based approach to energy policy which disproportionately benefits white communities and higher-income households while perpetuating the illogic of sacrifice zones.

Environmental Justice Provisions in the IRA

Supporters of the IRA have claimed that the law provides \$60 billion in environmental justice funding, without demonstrating how this number was calculated. A section-by-section analysis of the IRA's text to add up appropriations and other spending tailored towards environmental justice communities and low-income residents arrives at a total of \$40 billion, or \$27 billion in appropriations only.

Methodology

First, it is important to acknowledge that there is no monolithic standard for assessing whether a specific policy qualifies as “environmental justice.” Environmental justice is inherently varied and translocal, with different issues affecting different areas in different ways.⁵

This analysis seeks to quantify the total amount of federal funding authorized by the IRA that can be classified as “environmental justice,” but does not intend to quantify the benefits or impacts of such funding. For the purposes of this analysis, we evaluated

provisions of the IRA based on their likelihood to directly reach environmental justice communities in the United States and the residents thereof.

Inclusions:

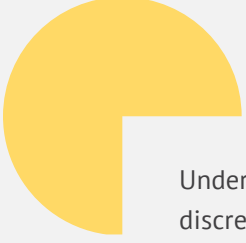
- Provisions with mandatory carve outs/targeting for “underserved”, “low-income”, or “disadvantaged communities”
- All funding for Tribal Nations and insular areas
- Other justice-oriented programs that acknowledge and attempt to address harms

Exclusions:

- Provisions with non-mandatory options for spending on “underserved”, “low income”, or “disadvantaged communities”
- Targeting for low- and moderate-income homeowners
- Funding for general governmental permitting and oversight activities

If a section of the law only includes a portion that sets aside funding for low-income or disadvantaged communities, then only that portion was counted towards the total. For example, while \$236 million is provided in “Funding to address air pollution” (§ 60105), only \$3 million is specifically targeted for low-income or disadvantaged communities, so only \$3 million should be counted as environmental justice spending. Similarly, we did not include programs which listed activities that would benefit low-income or disadvantaged communities as an optional, potentially fundable activity.

The IRA does not apply a uniform definition of “disadvantaged community” or “low-income community” across all of the provisions of the law, and in most cases, provides significant discretion to implementing agencies to define the terms. Some programs in the law apply different existing definitions for “low-income community,” including the New Markets Tax Credit definition (26 U.S.C. § 45D(e)). The New Markets Tax Credit program was developed to incentivize investment in low-income, economically distressed communities, and generally includes census tracts with a poverty rate of at least 20%, as well as other qualifiers for rural and low population areas. In the “Home energy performance-based, whole-house rebates” program (§ 50121), “disadvantaged community” is defined as: “a community that the Secretary [of Energy] determines, based on appropriate data, indices, and screening tools, is economically, socially, or environmentally disadvantaged.” Many EPA programs in the IRA that apply specifically to disadvantaged communities do not define “disadvantaged community” at all, instead leaving the definition entirely to the discretion of the Administrator.



Under the Biden Administration, it is likely that agencies will exercise their discretion to align their “disadvantaged community” definitions based on the White House Council on Environmental Quality’s Climate and Economic Justice Screening Tool methodology, consistent with the Administration’s Justice40 initiative. However, the funding for these programs is available for implementation in varying terms, some through 2031 (and some only through 2024), meaning that a future President with different priorities could redefine “disadvantaged community” for some programs to completely exclude environmental justice communities.



What should count as Environmental Justice

Although low-income households or residents in low-income communities are not always located in environmental justice communities, we included programs targeted at low-income households and communities because there is significant overlap and these programs appear likely to benefit low-income residents in environmental justice communities.

We also included all funding targeted towards Tribal Nations and insular areas. However, there are serious concerns about how financial assistance for Tribes, in particular, is structured. These provisions may perpetuate extractive practices by authorizing the provision of such assistance through partnerships with other entities. In addition, the Tribal Energy Loan Guarantee Program (§ 50145) makes loan guarantees to Tribes conditioned on Presidential approval, raising significant Tribal sovereignty concerns.

The IRA includes two separate rebate programs for residential energy efficiency and electrification, which will both be administered by states: the “Home energy performance-based, whole-house rebates” (§ 50121), known as the “HOMES” rebate program, and the “High-efficiency electric home rebate program” (“HEEH”, § 50122). The HEEH rebate program is restricted to low- and moderate-income (LMI) households, while HOMES contains a provision permitting states to increase rebate amounts for LMI households.

HOMES was excluded from total environmental justice spending because there is no requirement to prioritize or target low-income households or residents in environmental justice communities, and past experience and research suggests that households with higher income are likely to disproportionately benefit from this type of incentive program. We excluded the HEEH rebate program, except for \$225 million set aside for Tribal Nations, because while it targets LMI households, the program will likely result in disproportionately benefiting moderate-income homeowners. Most low-income households are renters (61% of the lowest income quartile and 88% of the lowest net worth quartile⁶), and are therefore unlikely to be able to use the rebate program. Landlords are unlikely to participate in these programs unless they are otherwise incentivized or required to do so.





Our Findings


Following this framework, the environmental justice provisions in the IRA account for \$40 billion total, including revenues from the Black Lung Disability Trust Fund and Superfund, or \$27 billion in direct appropriations alone. Including tax revenues, tax expenditures, and appropriations, the environmental justice portion of the bill accounts for 7.1% of all spending. Focusing on appropriations alone, environmental justice comprises 12% of all appropriations. These totals do not include estimates for tax credit provisions which target investments in low-income communities or energy communities, because the Joint Committee on Taxation did not disaggregate their estimates to that degree of granularity.

EJ Investments in Title I - Finance

§	Name	\$ (millions)
13103	Increase in energy credit for solar and wind facilities placed in service in connection with low-income communities	?
13601	Reinstatement of Superfund	11,719
13701	Clean electricity production credit (+10% in energy communities)	?
13702	Clean electricity investment credit (+10% in energy communities, +10% in low-income communities, +20% for affordable housing/economic benefit projects)	?
13901	Permanent extension of tax rate to fund Black Lung Disability Trust Fund	1,159
Subtotal for Title I:		12,878

EJ Investments in Title III - Banking, Housing, and Urban Affairs

§	Name	\$ (millions)
30002	Improving energy efficiency or water efficiency or climate resilience of affordable housing	1,000
Subtotal for Title III:		1,000



EJ Investments in Title V - Energy and Natural Resources

§	Name	\$ (millions)
50122	High-efficiency electric home rebate program	225
50145	Tribal energy loan guarantee program	75
50231	Bureau of Reclamation domestic water supply projects	550
50241	Office of Insular Affairs climate change technical assistance	15
Subtotal for Title V:		865

EJ Investments in Title VI - Environment and Public Works

§	Name	\$ (millions)
60102	Grants to reduce air pollution at ports	3,000
60103	Greenhouse Gas Reduction Fund	15,000
60104	Diesel emissions reductions	60
60105	Funding to address air pollution	3
60106	Funding to address air pollution at schools	50
60107	Low emissions electricity program	17
60201	Environmental and climate justice block grants	3,000
60401	Environmental and climate data collection	33
60501	Neighborhood access and equity grant program	1,100
Subtotal for Title VI:		22,272



EJ Investments in Title VIII - Indian Affairs

§	Name	\$ (millions)
80001	Tribal climate resilience	235
80002	Native Hawaiian climate resilience	25
80003	Tribal electrification program	150
80004	Emergency drought relief for tribes	13
Subtotal for Title VIII:		423

Equitable transition assessment

As Just Solutions Collective and The Climate + Clean Energy Equity Fund have previously written, “equity must be integrated into all aspects of the design, implementation, and evaluation” of the transition from fossil fuels to clean, renewable energy.⁷ To ensure an equitable transition, we identified seven key components that should be included in renewable and clean energy policies:



7 key components for an equitable transition:

1. Environmental justice communities must be identified and prioritized;
2. Environmental burdens must decrease in environmental justice communities;
3. Energy burdens of families with lower incomes should be reduced;
4. There must be opportunities for environmental justice communities and households to own renewable energy;
5. Clean energy jobs must be prioritized for environmental justice communities and communities transitioning away from fossil fuels;
6. Resilience measures for environmental justice communities should be prioritized; and
7. There must be a safe and affordable transition away from fossil fuels.

Overall, the IRA fails to meaningfully incorporate these components, risking a transition that worsens the health and economic burdens already borne by environmental justice communities.



1. Environmental justice communities must be identified and prioritized

Most of the IRA's programs do not meaningfully prioritize environmental justice communities. As discussed above, the law applies a patchwork of existing and unspecified definitions of "disadvantaged community" or "low-income community", many of which may be overturned or redefined in future presidential administrations. The inclusion of "energy community" credit increases under the various electricity tax credits is a promising step towards helping areas impacted by fossil fuel extraction and production achieve economic diversification and revenue replacement, although additional policies and guardrails would be necessary to affect a just transition.

The IRA also does not target environmental justice communities in a way that will maximize benefits to them. The environmental and climate justice block grants (§ 60201) will provide a total of \$3 billion in grants and technical assistance to community-based organizations to carry out activities, such as air pollution monitoring or climate resiliency, in disadvantaged communities, but does not ensure that these activities are in fact consistent with community priorities. There are no provisions to ensure that tax credit-subsidized projects are consistent with community priorities (through robust engagement and public participation processes, for example), do not cause further harm, or result in real benefits to the community. A notable exception is the credit increases available for "economic benefits projects" and "low-income residential building projects" in a modification to the investment tax credit (§ 13103) and clean electricity investment tax credit (§ 13702), which appear likely to provide tangible benefits to low-income residents.


2. Environmental burdens must decrease in environmental justice communities

While an overall shift in the nation's energy system away from fossil fuels would result in less pollution burden in environmental justice communities, the IRA does not meaningfully address the legacy of cumulative environmental burdens in these communities. Only three programs in the IRA allow funding to be used for pollution remediation, among other options for uses:

- Energy infrastructure reinvestment financing (§ 50144)
- Environmental and climate justice block grants (§ 60201)
- Neighborhood access and equity grant program (§ 60501)

Of these, only the environmental and climate justice block grants (\$3 billions) and neighborhood access and equity grant program (\$1.262 billion) contain carve outs for disadvantaged communities.

Many of the new climate policies in IRA represent significant missed opportunities in terms of addressing non-carbon pollution. IRA clears the path for significantly increased air pollution in environmental justice communities, which could have been prevented by incorporating guardrails into the law.



For example, “technology-neutral” clean electricity tax credits are based on lifecycle greenhouse gas emissions, but make no attempt to address or limit other kinds of health-harming air pollutants. Tax credits for biofuels and “sustainable aviation fuel” likewise risk continued and increased air pollution to communities surrounding refineries.

3. Energy burdens of families with lower incomes should be reduced

The IRA does not attempt to prioritize families with the highest energy burdens or any proxies for that demographic. In “Improving energy efficiency or water efficiency or climate resilience of affordable housing” (§ 30002), \$1 billion is provided to the Department of Housing and Urban Development (HUD) for improving energy or water efficiency or climate resilience in affordable housing. Considering that there are more than 5 million federally-assisted housing units nationwide, that amounts to less than \$200 per unit.


Energy Innovation’s model projects energy savings of \$79-80 per household by 2030, which appears to be averaged across households of all income levels. Without further policy interventions, low-income households who already pay a higher share of their income to meet their energy needs are unlikely to see their energy burdens reduced.

4. There must be opportunities for environmental justice communities and households to own renewable energy

Sections of the IRA modifying (§ 13103) the investment tax credit and clean electricity investment credit (§ 13702) provide a 10% credit increase to develop clean, renewable energy in low-income communities. An additional 20% adder is available for small solar or wind projects installed in connection to “economic benefit projects” which must provide at least 50% of the financial benefits of electricity generated to low-income households. While these incentives appear likely to drive local clean energy development in environmental justice communities and are designed to more equitably distribute the financial benefits of clean energy, they do not specifically incentivize community ownership or control, thus missing a key opportunity to help address the racial wealth gap and promote self-determination.

5. Clean energy jobs must be prioritized for environmental justice communities

Several of the energy tax credits include incentives for siting projects in “energy communities,” which is broadly defined to mean:

- Brownfield sites (as defined by Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund);
 - Areas which have (or had, as of 2000) “significant employment related to the extraction, processing, transport, or storage of coal, oil, or natural gas” (as determined by the Treasury Secretary); and
 - Census tracts in which a coal mine closed (in or after 2000) or coal-fired power plant was retired (in or after 2010), as well as directly adjoining census tracts.
- 



The electricity production and investment tax credits, as well as the advanced energy project credit (§ 13501, for facilities that manufacturer a broad range of clean energy property, from solar panels to carbon capture and sequestration components to electric vehicles), all provide a 10% increase in credit amount for projects sited in energy communities.

These and other tax credits also include significant incentives for projects that meet certain prevailing wage and apprenticeship requirements, generally for the construction of facilities. These requirements will be specified in more detail by the Treasury Secretary. These incentives increase the amount of credit available by a multiple of 5; for example, in the case of the investment tax credit (§ 13102), the base credit amount available for most projects that do not meet the prevailing wage and apprenticeship requirements is 6% of the project's basis. Projects that do meet these requirements would qualify for a credit amount equal to 30% of basis (the same percentage as when the credit was created as part of the Energy Policy Act of 2005).

However, none of these incentives contain local hire requirements, which may cause disruptions to local labor markets, as occurred in the shale boom. In addition, only two programs in the IRA mention workforce development as a possible, but not required, activity.

- Clean heavy-duty vehicles program (§ 60101): EPA will award \$1 billion in grants and rebates to states, municipalities, Tribal Nations, and nonprofit school transportation associations for the cost of various activities, including “workforce development and training to support the maintenance, charging, fueling, and operation of zero-emission vehicles.”
- Environmental and climate justice block grants program (§ 60201): Eligible activities for which grants may be used include workforce development related to “low- and zero-emission and resilient technologies.”



6. Prioritize resilience measures for environmental justice communities

The IRA makes funding available for resilience investments in “coastal communities to prepare for extreme storms and other changing climate conditions” (§ 40001), among other available uses, but does not prioritize environmental justice communities specifically.

The program for energy or water efficiency and climate resilience (§ 30002) in federally-assisted housing will reach low-income households and may benefit many residents of environmental justice communities, but also does not specifically prioritize environmental justice communities.

7. Safe and affordable transition away from fossil fuels

Critically, the IRA does not ensure a transition away from fossil fuels, and provides continued and new support for various fossil fuel uses.



The IRA's methane emissions reduction program (§ 60113) appropriates \$1.6 billion for EPA to provide financial and technical assistance to the oil and gas industry to monitor and reduce methane emissions. This funding may be spent on mitigating the health effects of methane and other greenhouse gases, as well as legacy air pollution from petroleum and natural gas systems in low-income and disadvantaged communities, but the law does not require such activities.

Taken in context with the enactment of the the Infrastructure Investment and Jobs Act (IIJA) and the Supreme Court's decision in *West Virginia v. EPA*, conditions for the nation's energy system suggest the continued and increasing use of natural gas. Both the IIJA and IRA invest significant incentives for carbon capture and sequestration (CCS), which may be applied to gas-fired power plants, as well as gas-based hydrogen production and fuel cells. Following *West Virginia*, EPA seems poised to adopt a CCS-based performance standard for greenhouse gas emissions from power plants under § 111(d) of the Clean Air Act. Significant environmental and health harms arise throughout the natural gas supply chain, from extraction – which disproportionately affects communities of low-income, immigrant, or Black residents – to the health-harming air pollutants emitted from gas power plants (including those with CCS) and in homes where natural gas is used in appliances like stoves.


What was considered but dropped

Changes from Build Back Better and initial version of IRA

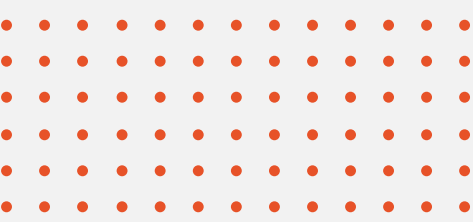
The Inflation Reduction Act was the final version of Congressional Democrats' FY 2022 budget bill, based on a procedural option called “reconciliation” that allows Congress to pass budgets with a simple majority. Previous versions of Democrats' reconciliation bill were called “Build Back Better,” but that name – along with trillions in spending and major policy priorities – was abandoned in this last iteration.

Notably from an environmental justice policy perspective, Build Back Better contained \$120 billion in investments in affordable and public housing, which would have substantially increased the law's effects for low-income households and residents in environmental justice communities, many of whom are affected by severe rent and energy burdens as well as health hazards at home. Other notable cuts from Build Back Better include:

- \$9 billion for lead remediation
- \$1 billion for tax credits for environmental justice programs at HBCUs and other minority-serving institutions
- \$5 billion for energy community reinvestment financing, which would have helped communities whose economies are dependent on fossil fuels transition to more diversified economies



Between the first version of the IRA, publicly posted by Senate Democrats on July 27, 2022, and the final version passed by Congress and signed into law by the President, there were several changes to the statutory text that have received little attention. Many of these changes have been attributed to the Senate Parliamentarian's rulings that certain language was extraneous, according to the Byrd rule. Most notably, \$45 million was removed from the "Funding to address air pollution" section (§ 60105), which would have been available to carry out rulemakings under the Clean Air Act with respect to greenhouse gases (including in response to the Supreme Court of the United States' decision in *West Virginia v. EPA*). Other changes include stripping out language prioritizing benefits to low-income, disadvantaged, or underserved communities, most substantively in "USDA assistance for rural electric cooperatives" (§ 22004). In the original version of the IRA, this section appropriates \$9.7 billion to USDA to provide financial assistance



to purchase renewable energy, renewable energy systems, zero-emission systems, and carbon capture and storage systems, to deploy such systems, or to make energy efficiency improvements to electric generation and transmission systems... that will achieve the greatest reduction in greenhouse gas emissions associated with rural electric systems... and that will otherwise aid disadvantaged rural communities, as determined by the Secretary.

In the final version, everything beginning with "and that will otherwise aid" was struck, removing the section's focus on disadvantaged rural communities.

Another notable change not apparently related to the Byrd rule was the revision of the definition of "greenhouse gas" across several sections of Title VI of the IRA. For example, "Grants to reduce air pollution at ports" (§ 60102) originally defined "greenhouse gas" at (d)(2) as follows: "The term 'greenhouse gas' has the meaning given the term in section 211(o)(1)(G) (as in effect on the date of enactment of this section)." Ultimately, the enacted version contains the following definition (consistent across several other sections): "The term 'greenhouse gas' means the air pollutants carbon dioxide, hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, and sulfur hexafluoride." This change protects these sections of the law against potential legal challenges, but does not directly counter the Supreme Court's decision in *West Virginia v. EPA*.



Moving forward

The IRA's passage marks the beginning, not the end, of the United States' groundbreaking federal-level policy effort to address climate change, as the law's implementation and the associated permitting "side deal" are essential elements of the work that remain outstanding. Environmental justice advocates and community members must be meaningfully engaged with regard to both implementation and the permitting deal in order to minimize the law's harms and improve the chances that environmental justice communities receive benefits.

Implementation

Implementation of the IRA will include some administrative actions with significant potential for impacts on environmental justice communities. Many of these actions will take place at EPA and DOE, but the Department of Treasury will be responsible for many consequential decisions in its administration of the law's energy tax credits.

Environmental justice policy advocates should take advantage of opportunities to respond to federal agency solicitations to inform program design and guidance, as well as opportunities to influence state implementation. The table below highlights specific issues and programs in IRA with potential environmental justice implications that will present opportunities for advocates to intervene during federal agency implementation (including guidance and rulemaking) and state implementation, where noted.

Subject (§)	State implementation?
Federal implementer: Department of the Treasury	
"Energy community" determinations (§§ 13101, 13102, 13701, 13702)	
Wage and apprenticeship requirements (§§ 13101, 13102, 13104, 13105, 13303, 13304, 13404, 13501, 13701, 13702, 13704)	
Qualified low-income economic benefit project (§§ 13103, 13702)	
Environmental justice solar and wind capacity limitation (§§ 13103, 13702)	
Annual establishment of emissions rates for facilities (§§ 13701, 13702)	
Guidance regarding calculation of emissions factors for transportation fuel, establishment of emissions factors, and determination of clean fuel production credits (§ 13704)	





Subject (§)	State implementation?
Federal implementer: Department of Energy (DOE)	
Home energy performance-based, whole-house rebates (§ 50121)	✓
High-efficiency electric home rebate program (§ 50122)	✓
State-based home energy efficiency contractor training grants (§ 50123)	✓
Federal implementer: Environmental Protection Agency (EPA)	
Clean heavy-duty vehicles (§ 60101)	✓
Grants to reduce air pollution at ports (§ 60102)	✓
Greenhouse Gas Reduction Fund (§ 60103)	✓
Diesel emissions reductions (§ 60104)	✓
Funding to address air pollution (§ 60105)	✓
Funding to address air pollution at schools (§ 60106)	✓
Methane emissions reduction program (§ 60113)	
Climate pollution reduction grants (§ 60114)	✓
Neighborhood access and equity grant program (§ 60501)	✓



Permitting (raw) deal

Finally, a critical part of the IRA's story is the "side deal" struck between Senate Majority Leader Chuck Schumer, House Speaker Nancy Pelosi, and Senator Joe Manchin to pass "comprehensive permitting reform" by the end of FY 2022 (September 30). This proposal is intended to expedite permitting for energy and infrastructure projects subject to environmental review. Official legislative language has not yet been released, but Sen. Manchin's office published a summary of provisions and a draft proposal (bearing the watermark of the American Petroleum Institute) has been circulated publicly.

The permitting proposal would significantly undermine the National Environmental Policy Act (NEPA), a cornerstone of environmental law that frontline communities rely upon for environmental analysis and to be able to provide meaningful public input to development that impacts them. "Reforms" in the draft proposal include an accelerated

timeline that would limit opportunities for public participation and a statute of limitations to challenge agency decisions of just five months. The proposal also requires the President to designate 25 energy projects of “strategic national importance” for prioritization, and specifies quotas for certain energy types, including five fossil fuel projects and two CCS projects. In addition, the draft proposal weakens the Clean Water Act and erodes Tribal sovereignty by codifying a Trump Administration rule that limits states and tribes’ ability to deny certification to projects. The document provided by Sen. Manchin also includes the summary approval of the Mountain Valley Pipeline and reassignment of jurisdiction to the United States Court of Appeals for the District of Columbia Circuit.

If enacted, this “side deal” would bring more harm to frontline communities by creating additional barriers to their full public participation in permitting processes that impact them. The proposal also stacks the deck in favor of polluting fossil fuels and weakens federal, state, and Tribal governments’ ability to exercise their authority through rigorous and unbiased processes. These changes would likely result in increasing fossil fuel extraction and processing, with accompanying local pollution and climate harms to frontline environmental justice communities and beyond.



Endnotes

1. Joint Committee on Taxation, “Estimated Budget Effects Of The Revenue Provisions Of Title I – Committee On Finance, Of An Amendment In The Nature Of A Substitute To H.R. 5376, “An Act To Provide For Reconciliation Pursuant To Title II Of S. Con. Res. 14,” As Passed By The Senate On August 7, 2022, And Scheduled For Consideration By The House Of Representatives On August 12, 2022” (August 9, 2022) <https://www.jct.gov/publications/2022/jcx-18-22/>.
2. Megan Mahajan, Olivia Ashmoore, Jeffrey Rishman, Robbie Orvis, Anand Gopal, [Energy Innovation Policy & Technology LLC, Updated Inflation Reduction Act Modeling using the Energy Policy Simulator](https://energyinnovation.org/wp-content/uploads/2022/08/Updated-Inflation-Reduction-Act-Modeling-Using-the-Energy-Policy-Simulator.pdf) (August 2022) <https://energyinnovation.org/wp-content/uploads/2022/08/Updated-Inflation-Reduction-Act-Modeling-Using-the-Energy-Policy-Simulator.pdf>.
3. Rhodium Group, [A Turning Point for US Climate Progress: Assessing the Climate and Clean Energy Provisions in the Inflation Reduction Act](https://rhg.com/research/climate-clean-energy-inflation-reduction-act/) (August 12, 2022) <https://rhg.com/research/climate-clean-energy-inflation-reduction-act/>.
4. While electricity generated from nuclear power does not emit greenhouse gases, nuclear power facilities are more expensive to operate than renewables and rely on uranium, a non-renewable fuel, with significant supply chain and environmental justice concerns. In addition, the United States has never succeeded at creating a permanent repository for nuclear waste.
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