Industrial Innovation Initiative

a partnership between Great Plains Institute and World Resources Institute

I am writing on behalf of the Industrial Innovation Initiative (I^3), a coalition of industrial companies, labor unions, and nonprofit organizations seeking to modernize the nation's manufacturing base. Since 2020, the Initiative has worked at the federal and state levels to promote policies that create well-paying jobs, make American manufacturers more competitive in the global marketplace, and lead to cleaner and healthier communities. You can find more information about the Initiative here. We appreciate that strengthening American manufacturing and ensuring the competitiveness of domestic industry remains a top priority for Congress and the Administration. I^3 looks forward to working with you to support key incentives critical to increased domestic energy production and a thriving manufacturing sector.

Our 2024 Federal Policy Blueprint identifies key steps that federal policymakers can take to accelerate industrial transformation. This fact sheet provides an overview of the blueprint's main recommendations.

This is an exciting time for the manufacturing sector, as industry is poised to deploy a range of solutions, including hydrogen, electrification, and carbon management to enhance efficiency and competitiveness. The federal government has a crucial role to play in helping industry develop and deploy emerging technologies, create American jobs, and compete internationally.

While Congress has designed a thoughtful array of incentives and programs to bolster American manufacturing, many incentives are in the early stages of implementation. If eliminated by Congress or paused by the Administration, American industry will be put at a competitive disadvantage with other countries, particularly those not held to the same environmental and safe labor standards.

Aluminum, cement, food and beverage, iron and steel, and other manufacturers are making significant investments to modernize their domestic operations to provide Americans with the products we use every day. The proof is in the numbers: American manufacturing is booming. We urge you to help continue the momentum by supporting these critical incentives.

We welcome the opportunity to discuss the following policies necessary to implement the cutting-edge processes and technologies to secure American energy security and manufacturing dominance.

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CRITICAL FEDERAL INCENTIVES FOR AMERICAN MANUFACTURERS

Federal Incentive	Description
Industrial Demonstrations Projects (IDP)	The concept behind the IDP program is straightforward: to test cutting-edge technologies on a commercial scale. By proving the viability of innovative technologies, the program can transform a range of industries—from aluminum to food production to steel to concrete. The Department of Energy (DOE) selected 30 projects throughout the country to receive $5.4 billion in grant funding. Grantees must match federal funding, but in most cases private investment will exceed the level of federal support. DOE anticipates that the projects will generate more than $20 billion in investments in dozens of communities. More than 40 percent of the funding will go to projects deploying hydrogen and carbon management solutions. DOE has awarded virtually all selected projects Phase 1 funding to begin the implementation process.
45Q: Tax Credit for Carbon Sequestration	Deploying carbon management technologies at power and manufacturing facilities will preserve and create jobs, improve air quality, and reduce emissions in industries that lack other decarbonization options. That is why more than 160 companies, trade groups, labor unions, and policy organizations, including several I^3 members, recently signed a letter to congressional leaders urging them to maintain critical bipartisan support for the tax credit. Federal investments in carbon management and associated infrastructure over the past few years have led to more than 270 publicly announced domestic projects that span the carbon management value chain and technology readiness levels, signaling that good policy translates into real-world projects.
48C: Qualifying Advanced Energy Project Tax Credit	The federal government allocated $10 billion in 48C credits to more than 240 projects throughout the country. These credits enable companies to undertake projects in three vital areas: clean energy manufacturing and recycling, industrial decarbonization, and critical materials. 48C supports many projects essential to meeting the Administration's energy competitiveness goals, including but not limited to, the production of large hydrogen electrolyzers in Minnesota, electrical grid equipment in Texas, and specialized components for nuclear reactors in Virginia. Continued support for 48C will ensure that companies can expand their activities to meet increasing market demand for innovative technologies.

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45X: Advanced Manufacturing Production Tax Credit	Manufacturers are entitled to receive a 45X production tax credit for solar and wind components, battery components, or the refining or recycling of critical minerals. These credits have reduced the cost of energy for companies and households. They are also critical to maintaining the reliability of the electric grid in the face of increasing demand from data centers and industry. Credits for battery components will result in additional storage of electricity, ensuring more efficient utilization of electricity and reducing peak demand that can lead to blackouts. Electrifying industrial production will also improve air quality and enhance workplace safety. By bolstering the electrical grid, the 45X credit provides critical support for industrial modernization.
45V: Clean Hydrogen Production Tax Credit	Congress recognized the importance of hydrogen for transforming industrial processes when it created the 45V tax credit. In conjunction with DOE's Regional Clean Hydrogen Hub program, these credits have the potential to spur a boom in hydrogen production. Clean hydrogen produced with renewable or nuclear energy, or fossil fuels using carbon capture, can help decrease emissions in chemical manufacturing and iron/steel production, making American companies more competitive globally. America's competitors are also seeking to harness the power of hydrogen. Supporting the 45V credits will help ensure that the United States remains a world leader in hydrogen production.

Should you have any questions, please do not hesitate to get in touch.

Sincerely,

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