

SWAPPING GOLD FOR GREEN

“The Inflation Reduction Act, in my view, is the most important climate action after the Paris 2015 agreement”

Fatih Birol (Executive Director, International Energy Agency)

US Green Infrastructure

In this series of publications, we explore the different types of green infrastructure that the United States needs to invest in to meet the Net-Zero by 2050 decarbonization targets set out in the Paris Agreement.

Climate Commitment: A Policy Symphony

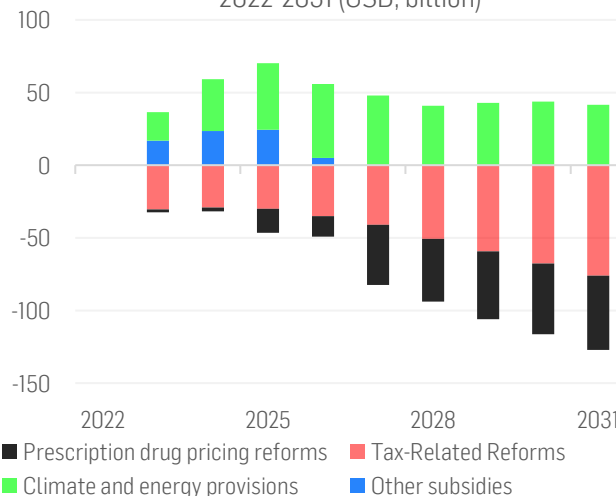
On January 20th, 2021, President Biden reaffirmed the United States' commitment to global climate goals by officially rejoining the Paris Agreement upon his inauguration, a stark reversal from the previous administration's withdrawal in 2020. The US' re-found commitment to a Net-Zero future has ever since transitioned from rhetoric to tangible action.¹

Among the administration's first noteworthy milestones was the enactment of the bipartisan **Infrastructure Investment and Jobs Act** in 2021, boasting a major investment surpassing one trillion USD.² This act was subsequently followed by the **Inflation Reduction Act**, signed into law in 2022. These legislations aim to revitalize the nation's deteriorating infrastructure while bolstering its green energy production capacity, marking a significant stride towards a sustainable future.³

Key highlights of these legislative endeavors include the **most substantial investment in clean energy infrastructure in US history**. This strategic move is anticipated to significantly curtail American emissions, underlining an earnest commitment to achieve the goals of COP21.³

Inflation Reduction Act Funding

2022-2031 (USD, billion)



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These legislative actions also underscore a fundamental truth: achieving a global Net-Zero future requires substantial resource allocation to revolutionize the energy production landscape. They also recognize the magnitude of the challenge, implicitly cautioning against simplistic approaches to transform power generation. This is particularly the case given the US's second place in total emissions in 2021, only behind China – while exhibiting much larger per capita emissions than the East Asian country.⁴

Addressing this multifaceted challenge demands not only the development of new sources of green energy, but also of robust infrastructure to ensure energy resilience, tailored to the diverse resources and geographical conditions present across the nation.

Green Gold: Unveiling Hidden Gems

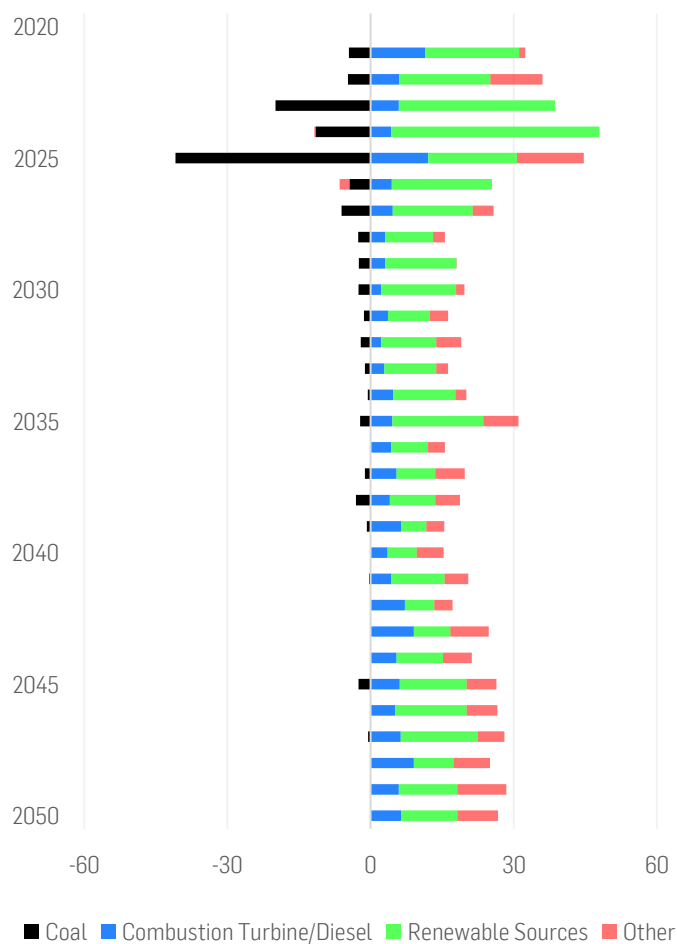
In the prevailing legislative landscape favoring green energy in the US, we have identified a set of industries that could be set to gain from regulatory tailwinds. These industries are crucial in the various stages of green energy's lifecycle, spanning production, generation, and distribution, as well as sustainable infrastructure development. Further, on aggregate, they constitute the **Solactive United States Green Infrastructure ESG Index**.

Companies operating within these sectors have been identified based on their potential to play key strategic roles in aiding the US to meet its Net-Zero targets. In forthcoming publications, we will delve into the underlying rationale for this strategic focus, acknowledging that some of these sectors may not be among the first ones that come to mind when thinking about green energy.

The broader approach we have taken emphasizes the necessity of mobilizing many parts of the economy to combat the escalating impacts of global warming. Hence, we advocate for a departure from a focus solely on clean energy posterchildren like solar and wind, to one that recognizes the opportunities provided by hidden champions embedded in the complex tapestry of the future of energy.

US Projected Electricity Generation Capacity by Source

Year-on-year change (Gigawatts)



References

- [1] [The United States Officially Rejoins the Paris Agreement \(state.gov\)](#)
- [2] [UPDATED FACT SHEET: Bipartisan Infrastructure Investment and Jobs Act \(whitehouse.gov\)](#)
- [3] [Building a Clear Energy Economy: A Guidebook to the Inflation Reduction Act's Investments in Clean Energy and Climate Action \(whitehouse.gov\)](#)
- [4] [CO2 emissions \(metric tons per capita\) \(data.worldbank.org\)](#)

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