

# GREEN MONEY TALKS

“The Inflation Reduction Act is the most significant economic response to any piece of legislation in 70 years.”

Brian Deese (Former Director, National Economic Council)

## Economic Rebalance: Legislation Fuels Green Infrastructure

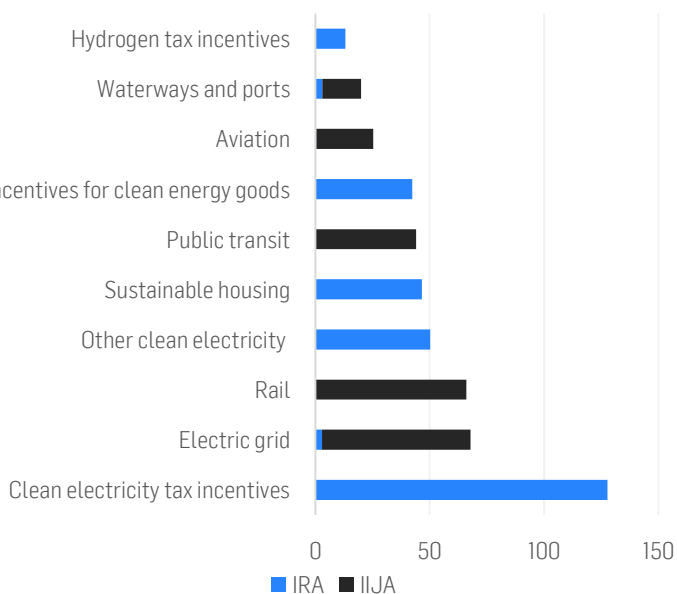
In a pivotal moment for the global economy, the imperative of economic and population growth has to rebalance, taking the pressing need for environmental responsibility into account. Acknowledging this challenge, U.S. lawmakers have propelled significant initiatives such as the **Inflation Reduction Act (IRA)** and the **Infrastructure Investment and Jobs Act (IIJA)**. These legislative endeavors signal a distinctive prospect for fostering sustainable growth through clean energy and its enabling infrastructure. Over **half a trillion USD** is set to be directed to both direct **green infrastructure investments** and strategic sectors poised to gain from enhanced infrastructure, as per a Solactive analysis of BlueGreen Alliance data – with the IRA contributing more heavily to reshaping the American economy towards sustainability through investments than the IIJA.<sup>1</sup>

## Green Showdown: IRA vs IIJA

While the IRA and the IIJA share the common goal of sustainably enhancing the American economy, their approaches to stimulating green growth differ. The IRA leans more towards consumer-oriented incentives, whereas the IIJA places a heavier emphasis on direct state funding. Top recipients of IIJA investments include rail, electric grid, public transit, aviation, waterways, and port infrastructure. In contrast, the IRA channels its resources into clean electricity investments, energy efficiency, electrification, sustainable housing, tax incentives for clean electricity, and credits for manufacturing clean energy goods.

### IRA and IIJA Funding, Selected Recipients

BlueGreen Alliance Estimates (USD, Billion)



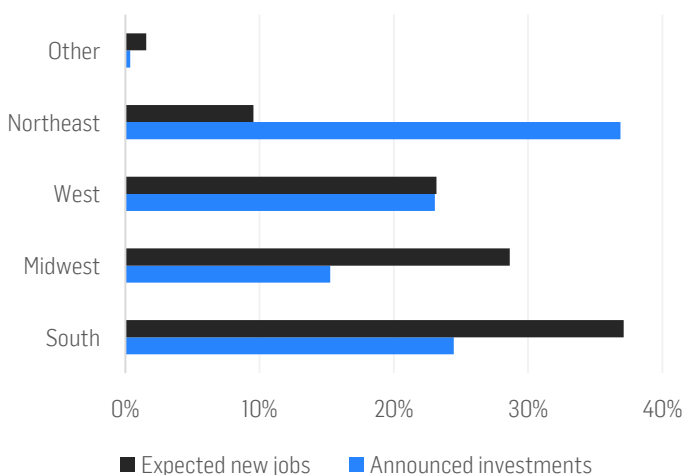
Beyond these sectors, government support also extends to relatively **early stage technologies** such as hydrogen, biofuels, and carbon capture. Additionally, electric vehicles and their associated charging infrastructure are among the key beneficiaries of this funding, indicating a comprehensive strategy for advancing sustainability across diverse domains.

## A Year of Green

A year since the inception of the IRA, 280 clean energy projects across 44 U.S. states have been announced already. They translate to a **USD 282bn investment** and are anticipated to create nearly **175,000 jobs** – most of which are set to benefit Republican districts. The IRA's impact on greenhouse gas emissions is expected to be profound, leading to a potential reductions in American emissions of between 43% and 48% by 2035, relative to 2005 levels. Absent the IRA, this decline is estimated to have been less than 35%.<sup>2</sup>

### IRA Funding and Jobs Created by Region

Share of Announcements as of August 31, 2023



Turning to the IIJA, some key achievements in 2023 include the Hydroelectric Incentives program, overseeing an investment surpassing USD 750mn, aimed at enhancing efficiency, safety, and environmental aspects of existing hydroelectric facilities. Further, the U.S. Department of Energy's announced incentives totaling millions of dollars for multiple hydro facilities for electricity generated and sold in the calendar years 2021 and 2022.<sup>3</sup>

Moreover, the Grid Resilience and Innovation Partnerships (GRIP) program is poised to bring over 35 gigawatts of new renewable energy online and invest in 400 microgrids, contributing to the transformative evolution of the power sector's infrastructure. Additionally, the Grid Resilience State and Tribal Formula Grants are injecting over USD 748mn into state, local, and tribal governments, reinforcing and modernizing America's power grid against climate crisis-induced challenges. This substantial investment serves not only to fortify grid resilience but also to catalyze associated job opportunities nationwide.

## References

- [1] [Reconciliation: Climate, Energy, and Environmental Justice Investments \(bluegreenalliance.org\)](https://bluegreenalliance.org)
- [2] [The US Inflation Reduction Act is Driving Clean-Energy Investment One Year In \(gsam.com\)](https://gsam.com)
- [3] [Where are we now? Celebrating the Bipartisan Infrastructure Law's historic investment in critical electric infrastructure \(energy.gov\)](https://energy.gov)

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