VFS Webinar: Federal Legislation and Policies Important to New Technologies
Agenda

• Introduction to Elevate Government Affairs (Elevate)

• Infrastructure Bills – Energy
  • Infrastructure Investment and Jobs Act (IIJA or Bipartisan Infrastructure)
  • Build Back Better Act (BBBA or Reconciliation)
  • Department of Energy (DOE) Actions

• Aviation Additional Items of Interest
  • Aviation Climate Action Plan
  • Advanced Air Mobility Coordination and Leadership Act (H.R. 1339/S. 516)

• Forthcoming Hydrogen Legislation

• Questions and Answers
# Our Expertise

## Issue Areas

<table>
<thead>
<tr>
<th>Energy</th>
<th>Technology</th>
<th>Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation, Safety Issues, Infrastructure, Transit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Who We Represent

### Transportation
- NETJETS
- RAA
- ZEROAVIA
- AECOM
- Air Methods
- FedEx
- Garrett
- American Airlines
- EMBRAER
- gm
- ATA

### Technology
- Kitty Hawk
- Charter Communications
- Microsoft
- AUVSI
- WIA
- Honeywell
- avemntum
- GE
- B&W
- Babcock & Wilcox
Infrastructure Investment and Jobs Act (IIJA)

- Negotiations in the summer of 2021 yielded the $1.25T Bipartisan Infrastructure Framework (or, BIF), which became the IIJA; signed into law November 2021.

- IIJA includes a transformational investment of $62B at DOE for clean energy.
  - $21B in clean energy demonstration projects ($8B specific to Hydrogen). Over $10B invested in clean energy manufacturing and supply chain ($1.5B specific to Hydrogen).
  - $11B for grid modernization and resiliency (including battery storage), $3B in smart grid funding.

- Vision behind IIJA is to take clean energy technology already proven at pilot scale and the labs – show it can be done through large demonstration level projects and bring it to market.

- Expanded DOE Loan Programs Office to include clean aviation.

- IIJA is not near-term economic stimulus but a long-term investment in US competitiveness through wise investments over a 5–10-year period.

- Coupled with the BBBA, the IIJA is estimated to create 1.5M jobs annually over a 10-year period.

- 40% of benefits from IIJA clean energy funding focused on spurring economic development in disadvantaged communities (Justice 40).

- Prevailing wages required on all federally funded projects.
IIJA Hydrogen Investments

- Hydrogen programs receive a significant $9.5B investment – Hydrogen identified as integral to the clean energy economy of the future.

  - **Regional Clean Hydrogen Hubs** – $8B for the newly-established Office of Clean Energy Demonstrations at DOE, to select and oversee four regional hubs to demonstrate clean hydrogen production, processing, delivery, storage, and end-use.

  - **Clean Hydrogen Electrolysis Program** – $1B to establish a program to reduce the cost of hydrogen generation through electrolysis, targeting <$2/kg by 2026.

  - **Clean Hydrogen Manufacturing Initiative** – $500M for grants from 2022 through 2026 ($100M per Fiscal Year), to advance clean hydrogen production technologies.

  - **Clean Hydrogen Strategy and Roadmap** – DOE to develop the first U.S. national strategy and roadmap to facilitate a clean hydrogen economy.

  - **Clean Hydrogen Production Qualifications** – Directs the development of an initial standard for the carbon intensity of clean hydrogen production from renewable, fossil fuel with Carbon Capture Utilization and Storage (CCUS), nuclear, and other fuel sources, beginning at 2kg of carbon dioxide per kilogram of hydrogen.
Build Back Better Act (BBBA)

- House: Democrats passed the $1.75T legislation in November.
- Senate: Negotiations are ongoing to gain support of the entire Democratic caucus (50 members).
  - Vote expected in December.
- Goal behind BBBA is to provide market incentives for proven clean energy technologies to be replicated across the country.
  - **Investment and Production Tax Credits** – The BBBA provides for expansions and extensions to the existing renewable energy Investment and Production Tax Credits (ITC and PTC), as well as a new clean Hydrogen PTC.
    - Creates a new, ten-year varying tax credit for the production of clean Hydrogen with up to $3.00/kg or a 30% ITC. The level of the credit provided is based on carbon intensity.
    - Creates a new ITC for energy storage (including Hydrogen storage) through 2026.
  - **Domestic Manufacturing Conversion Grants** – $3.5B provided for grants to convert facilities to produce electric and Hydrogen fuel-cell vehicles.
  - **Zero-Emissions Vehicle Infrastructure Assistance** – $200M for assistance to States to roll-out hydrogen fueling equipment for surface vehicles, targeting rural, underserved, and disadvantaged areas.
    - Extends the Alternative Fuel Refueling Property Credit through 2031, increasing base 30% rate up to $100,000 and adds an additional 20% uncapped credit for Hydrogen refueling stations.
  - **Fuel Cell Motor Vehicles Credit** – The credit for light duty fuel-cell vehicles is extended through 2031, with a cap of $8,000. Creates a new 30% credit for fuel cell medium and heavy-duty vehicles through 2031.
DOE Implementation

• IIJA includes $62B – largest investment ever in DOE history.
  ▪ Transformational for DOE in creating 60 new DOE programs and expanding 12 existing DOE programs.
  ▪ Different timelines for different programs. Existing programs and state formula programs could see disbursements within next 6 months; new programs will be more long-term initiatives, with disbursements over the next few years.
  ▪ All new hydrogen programs will be run out of DOE.
  ▪ Main role of DOE in IIJA is to facilitate proving new clean energy technologies at large scale – show it can be done. Tax incentives in the BBBA will bring it to market.
  ▪ DOE to work with industrial partners to split the technology risk and market risk by sharing the cost of building first demonstrations of the technologies. Once proven – market incentives to replicate to scale to meet climate goals.
    o Engage! Stakeholders are critical partners to DOE in implementing the new programs. As experts in your sector, you will be active participants in both program development and implementation.

• DOE creating over 1000 new jobs to implement IIJA. Seeking recommendations for experts to fill positions. Hiring portal will open soon.

• Regional specialists will serve as conduit for states and communities to discuss issues such as economic impact – listening sessions starting soon.
Aviation Climate Action Plan

• The Biden Administration released its Aviation Climate Action Plan on November 9, 2021, outlining a plan to achieve net-zero in aviation by 2050.

• The plan calls for:
  - The development of new, more efficient aircraft and engine technologies;
  - Improvements in operations throughout the National Airspace;
  - Production and use of Sustainable Aviation Fuels (SAF);
  - Electrification as a solution for short-haul aviation (hydrogen also a possibility);
  - Improvements to airport operations;
  - Participating in the international airplane CO2 standard, and CORSIA;
  - Support for research into climate science.

• Hydrogen considered by the plan to be not-viable for reaching targets ahead of 2050, but indicated for long-term development. However, hydrogen role via methanol fuels as SAF not ruled out.
Advanced Air Mobility (AAM) Coordination and Leadership Act – H.R. 1339

- Bill to plan, coordinate, and execute on the development of the AAM field in the United States.
  - Would require the unification of AAM efforts across government, including the assembly of an intermodal working group at the Department of Transportation, to which representatives of the Departments of Defense, Energy, Homeland Security, and Commerce, NASA, and the FCC, are to be invited to participate.
  - Authorizes FAA to establish federal advisory committees, as necessary.
  - Requires the intermodal working group to produce an action plan to mature the nation’s AAM operations, infrastructure, and regulatory frameworks.
  - Passed the House November 15. Rep. Sharice Davis (D-KS) and 10 others sponsored the bill.
  - S. 516, the corresponding Senate bill sponsored by Senator Moran (R-KS) and cosponsored by Senator Sinema (D-AZ).
Forthcoming H2 Legislation

• House Science Committee Draft – Department of Energy Hydrogen and Fuel Cell Research and Development Act
  ▪ Directs DOE to establish and undertake expanded R&D into hydrogen and fuel-cell technologies, with an emphasis on decarbonization of “hard-to-abate” sectors such as heavy industry, long-haul shipping, heating, and others.
  ▪ Establishes competitive grant programs for hydrogen and fuel-cell R&D projects.
  ▪ Requires a study be undertaken by NASEM to identify research pathways for net-zero hydrogen production processes to inform federal strategy around hydrogen.

• Coons – Cornyn Hydrogen Infrastructure Initiative
  ▪ Planned legislative package from Sens. John Cornyn (R-TX) and Chris Coons (D-DE).
  ▪ Comprised of three main components:
    o the Hydrogen for Ports Act, to expand hydrogen infrastructure at ports and in shipping;
    o the Hydrogen for Industry Act, to establish grants in support of commercial demonstration projects for end-use industrial hydrogen applications; and,
    o the Hydrogen Infrastructure Finance and Innovation Act, to provide grants and low-interest loans for hydrogen fueling infrastructure.

• Heinrich Hydrogen Tax Credit Legislation
  ▪ Work-in-progress legislation by Sen. Martin Heinrich (D-NM) to provide a tax credit for hydrogen-powered aircraft and equipment, equal to 30% of the cost of said equipment.
Background on Elevate
Our Value

While there are many firms in Washington, D.C. with highly skilled and dedicated people, our response is simple – we work harder to deliver results, bring a collaborative firm approach to every client engagement, and have a long history of successes for our clients.

We represent an expansive and diverse combination of clients across a variety of sectors. Over the years, we have delivered countless notable successes as a team for our clients. We are extremely proud of the work we have done for our clients and the counsel that we have provided them. We regularly partner with our clients, which include trade associations, multinational corporations, large and small companies, and everything in between. Some within our clientele have already-solidified, in-house government affairs operations, and for those clients, we act as a force multiplier for them. Additionally, we work with many clients where we are their sole government affairs professionals and their eyes and ears in Washington, D.C., and with others who have existing external consultants that we work well with. We have extensive experience when it comes to crafting Federal advocacy strategies with our clients from the ground up, as well as seamlessly supplementing existing strategies by leveraging and utilizing our deep bipartisan connections to key policymakers.

125 years of combined experience working for Members of the House, Senate, Congressional Committees and Executive branch

Wide-ranging sector expertise, broad networks, and varied professional backgrounds to get the job done and maximize your Return on Investment (ROI)

Proven success in securing programmatic funding increases and driving legislative development to meet our clients’ bottom line

Experience driving solutions and crafting ideas to succeed in the Energy and Infrastructure arenas
Our mission is to deliver on our clients’ legislative and administrative goals with a measurable return on your investment. As a result of our advocacy work, we are in constant contact with the Members, leadership, and senior staff in Congress, as well as administration political appointees and career staff, that have the biggest impact on the hydrogen sector and your success. We are confident in our ability to execute against the policy priorities that we would jointly identify, foster, and facilitate.
Our Team

Sam Whitehorn
Principal and Co-Founder

Sam has spent his more than 30-year career addressing tough legal and policy issues. He has been deeply involved in infrastructure, transportation and technology sectors and their intersection for years. Sam has been in the trenches on transportation security, leading the effort to create the Transportation Security Administration after 9-11, and knows the rigors and pressures of the Senate and House intimately. He has worked on issues like noise, transportation funding, and safety in a host of sectors over the years. He continues to work with clients across the tech and telecom sectors with Congress and the administration. Additionally, he has worked on behalf of Alaska Native Corporations to advocate for opportunities for their members. His work today continues to drive decision makers to solution-driven outcomes as evidenced by his selection as a Top Lobbyist by The Hill for the past several years.

Sam has held key positions on the U.S. Senate Commerce, Science and Transportation Committee (Senior Counsel to the Aviation Subcommittee, Deputy Staff Director and General Counsel, and briefly, Staff Director) under Chairmen Hollings (D-SC), Rockefeller (D-WV) and Inouye (D-HI). Prior to his time on Capitol Hill, Sam was a Senior attorney at both the United States Department of Transportation General Counsel’s office, focusing on motor carrier safety and aviation issues and a Senior Attorney at the Civil Aeronautics Board, where he focused on antitrust issues oversight, aircraft noise policy and Slot-controlled airport regulations. Sam serves on the Board of the Greater Washington Aviation Open, a group devoted to raising funds for worthy charities.

Kelly Lugar
Executive Vice President

Kelly has been involved in government relations for 25 years in Washington, D.C., focusing on energy and environmental matters. Her broad experience in energy legislative and regulatory matters includes strategy formulation, policy and issue advice, and outreach to key policymakers in Washington. She has a proven track record of impacting policy, and has represented, utilities, public power trade associations, nonprofit organizations and energy companies before Congress and the Executive Branch.

Prior to joining Elevate, Kelly served as the Vice President for Federal Affairs for Berkshire Hathaway Energy. In her role as Vice President, Kelly oversaw all public policy matters before Congress and the Federal agencies for the Berkshire Hathaway Energy portfolio of companies. Berkshire Hathaway Energy companies include four regulated utilities, 43,000 miles of natural gas pipelines and a renewable development company. Prior to joining Berkshire Hathaway Energy, Kelly’s served in mid and senior level government relations positions at three fortune 500 companies, including Altria, and as a government affairs representative for the National Federation of Independent Business. Most recently, Kelly served as the founder and CEO of KSL Consulting, a lobbying firm in Washington, D.C. specializing in energy and environmental issues before the Federal government.

A native Texan, Kelly began her career working as a Congressional aide on energy policy for Rep. Ralph Hall (R-TX), the Ranking Member of the Energy and Power Subcommittee in the House of Representatives. Her public sector experience also includes serving for four years as the Deputy Assistant Secretary of Congressional and Intergovernmental Affairs at the Department of Energy (DOE) under the administration of President George W. Bush. During her service at DOE, Kelly was responsible for working with the White House and Capitol Hill on passage of the Energy Policy Act of 2005.

Kelly is a founding board member of the Women’s Energy Resource Council (WERC), where she has served as vice president of the board since the organization’s inception in 2011. WERC is a 501(C) (6) nonprofit organization based in Washington, D.C., that brings together energy professionals from the private sector, Capitol Hill, and the Executive Branch.