One year in: Analyzing the Inflation Reduction Act through the lens of affordability and equity

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August 16, 2023 marks the one-year anniversary of the passage of the Inflation Reduction Act (IRA). For perspective on how this milestone legislation is impacting energy affordability and equity issues, we caught up with two of E Source's leading authorities on the subject: Jamie Wimberly, senior vice president of Utility Customer Strategy, and Ben Nathan, director of Affordability and Equity.

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With this expansive, unprecedented, and often unclear opportunity, it's challenging to know what "success" looks like.

Read more in the article One Year In: Analyzing the Inflation Reduction Act through the Lens of Affordability and Equity, published by T&D World.

Read the article

Q. One year into the IRA, can you reflect on the significance of the legislation's passage? At a macro level, what does its passage mean for energy affordability and equity (A&E) in the greater (clean) energy discussion?

Jamie Wimberly. Passage of the IRA is extremely important not only to expedite the energy transition to mitigate climate change but also to bolster the economy as a whole. As a resident of Georgia, I see billions of dollars have been invested already in EVs and charging infrastructure, which will result in many good paying jobs, especially in rural areas of the state. But in terms of the impact on affordability and equity, it remains to be seen.

I am hoping that the IRA could result in both cleaner and cheaper energy over time. But I am also

concerned it could result in cost-shifting and increasing the energy burden on income-qualified customers. For example, the first nuclear reactor at Plant Vogtle just came on line in Georgia. While I support the idea that nuclear energy is an important part of any clean energy portfolio, the cost of this one plant is going to significantly increase the bills of struggling consumers over decades. It also personally irks me to subsidize EVs and residential solar for wealthier Americans potentially at the cost of the poor.

Ben Nathan. We don't want to see the IRA become another chapter in the decades-long repeating cycle of government spending that typically benefits privileged communities at the expense of everyone else. If we don't prioritize underserved and disadvantaged communities in the deployment of this historic funding, we risk repeating the mistakes of the past, which only widens the gap between the haves and have-nots.

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Q. What provisions in the IRA are most noteworthy from an A&E perspective, and why?

JW. The most important component is the Justice40 Initiative. This is an executive order signed by President Biden to deliver 40% of the overall benefits of federal climate, clean energy, affordable and sustainable housing, clean water, and other investments to disadvantaged communities that are marginalized and overburdened by pollution. This is the right thing to do.

BN. The IRA includes provisions for investing over $60 billion in clean energy, climate, and electrification measures that support disadvantaged communities (as defined in the legislation). Of this, the IRA provides at least $57 billion to enable electrification in disadvantaged communities, which has the potential to spur the creation of hundreds of thousands of good-paying jobs and deliver economic and health benefits in these communities.

Q. What progress has been made over the last year on the A&E fronts that emanate from the IRA?

JW. We are starting to see the regulations come out with revenue targets connected to the initiative. For example, the EPA just outlined $27 billion, which will flow through green banks to fund clean energy projects in disadvantaged communities. That's a start, but there is a long way to go to meet the 40% target.

Q. What roadblocks are impeding more progress from being made despite the best intentions of the IRA? And how can we move past them?

"There are many important components of equity: recognition, procedural, distributive, and restorative. Each component needs to be included in a sustainable energy strategy to address the needs of disadvantaged communities." —Jamie Wimberly, E Source

JW. There are many important components of equity: recognition, procedural, distributive, and restorative. Without going into the details of each here, suffice it to say that each component needs to be included in a sustainable energy strategy to address the needs of disadvantaged communities.

My fear is that we are rushing to get the money out the door and will not adequately address each

component in the implementation. For example, with procedural equity, it is critical to have the full participation of the community in the planning and prioritization process for any investments or programs made in that community.

In the past, this was not done and had extremely adverse impacts on the community, which they are still struggling to overcome. Think of highways dividing communities of color as an example. *We need to take the time to get this right.*

The story doesn’t end there!

Check out the rest of this interview at One Year In: Analyzing the Inflation Reduction Act through the Lens of Affordability and Equity, published by T&D World.

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