



# ESG in the United States

**OPPORTUNITIES + CHALLENGES IN 2023**

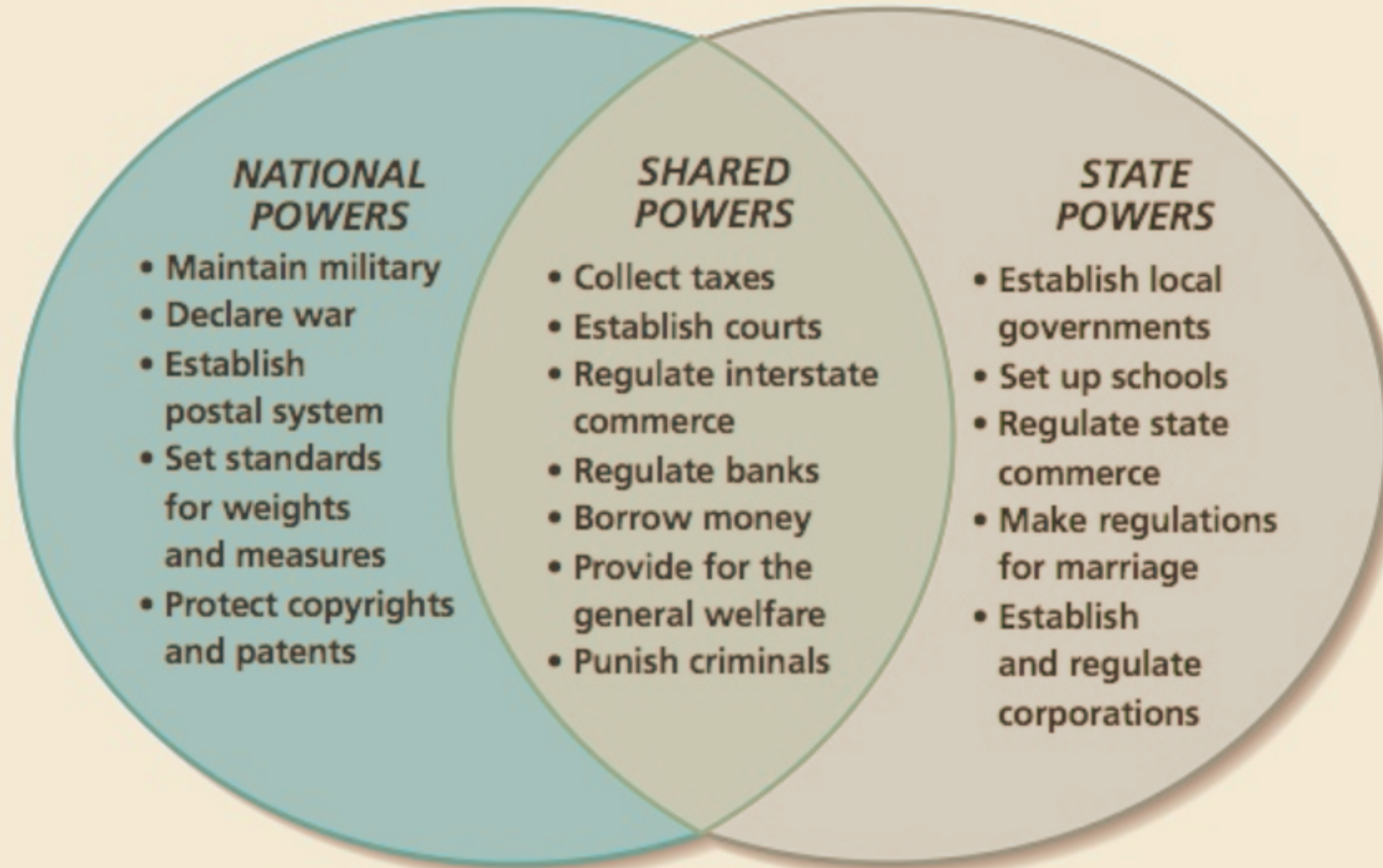
Speaker: Fran DiDonato, Esq.

# A Federalist System

Combines a central system (federal/national) with a regional system (states) into a single political system that shares powers between the two systems.



**Americans live under both  
national and state governments.**





# Executive Order 14008

## TACKLING THE CLIMATE CRISIS AT HOME AND ABROAD

- Major Foreign Policy and National Security Implications
- US to participate in international climate forums
- US to provide assistance at home and abroad to reduce carbon emissions
- US to use government-wide approach
- US to focus on equity and environmental justice to ensure those in low- to moderate-income communities are included in solutions
- Government to use procurement and spending as tool to provide climate solutions
- US to promote jobs in areas that will address climate

# U.S. Securities and Exchange Commission (SEC)



## REGULATIONS

- 2020 January – Issued guidance on MD & A disclosures
- 2020 August – Revised Regulation S-K (human capital)
- 2021 – Approved change to Nasdaq rules on board diversity
- 2022 March – Released proposed rules on climate-related disclosures (Scope 1, 2, 3).
- 2022 May – Proposed amendments to rules and reporting on ESG

## ENFORCEMENT by Climate and ESG Taskforce

- Vale S.A.
- BNY Mellon

# OTHER AGENCIES

- ✓ DEPARTMENT OF LABOR (DOL)
- ✓ FEDERAL INSURANCE OFFICE (FIO)
- ✓ FINANCIAL STABILITY OVERSIGHT COUNCIL (FSOC)

- ✓ ENVIRONMENTAL PROTECTION AGENCY (EPA)
- ✓ DEPARTMENT OF ENERGY (DOE)
- ✓ US DEPARTMENT OF AGRICULTURE (USDA)
- ✓ HOUSING & URBAN DEVELOPMENT (HUD)
- ✓ DEPARTMENT OF INTERIOR (DOI)
- ✓ DEPARTMENT OF TRANSPORTATION (DOT)



# INFLATION REDUCTION ACT 2022

## \$739B MEASURE


Sweeping health, climate, and tax bill

**15% Minimum Tax - Large Corps**  
**\$305B Deficit Reduction**  
**\$400B to Climate Efforts**



# **\$370B**

**CLEAN ENERGY, ENERGY EFFICIENCY, CLEAN TRANSPORTATION,  
CLEAN- AGRICULTURE + RESILIENCE, AND CLEAN MANUFACTURING**



**Reduce Emissions  
~40% by 2030**

# Opportunities for Funding

## GUARANTEED INCENTIVES

- Investment Tax Credit
- Production Tax Credit
- Commercial EV Tax Credit
- Commercial Buildings Energy Efficiency Tax Deduction
- Home Electrification for Low-to Moderate-Income Households

## COMPETITIVE FUNDING

- Environmental + Climate Justice Block Grants
- Neighborhood Access + Equity Grants
- Green Bank
- Building Codes
- Competitive Funds for Non-Federal Foresters

# Solar Tax Incentives

## INVESTMENT TAX CREDIT (ITC)

- Up to 50% for solar, standalone energy storage and interconnection costs
- Base rate of 6% to 30% if Wage and Apprenticeship requirements are met (exception for microturbines – 2% base rate and 10% bonus credit rate)
- Bonus tax credits available for domestic content requirements, when a project is located in low-income communities, or for "Energy Communities" – get extra 20% bump

## PRODUCTION TAX CREDIT (PTC)

- For solar energy facilities
- Expires in 2032 and no \$ cap
- Generates credit for each kWh produced for first 10 years of a project
- Base rate is 0.3 cents/kWh and max rate is 2.6 cents/kWh if Wage and Apprenticeship requirements are met



# EV Tax Incentives

## COMMERCIAL EV TAX CREDIT

- Expires January 1, 2033
- EV buyers get up to 30% tax credit
  - capped at \$40,000 vehicles over 14,000 lbs
  - capped at \$7,500 for vehicles under 14,000 lbs
- Hybrid vehicles can qualify for up to 15% credit

## REFUELING INFRASTRUCTURE TAX CREDIT

- Expanded retroactively through beginning of 2022
- Goes until 2032, phase down from 2033-2035
- New maximum credit of \$100,000 or 30% cost per charger (whichever is less)
- Must comply with Wage and Apprenticeship requirements or base credit is 6%
- 2- and 3-wheel vehicles(i.e. e-bike) charging can qualify if used on public roads



# Energy Efficiency Incentives + Rebates

## COMMERCIAL BUILDING E-E TAX DEDUCTION

- Previous deduction made permanent
- Deduction for qualifying efficiency improvements from \$2.50/sq ft to max of \$5.00 sq/ft (if Wage and Apprenticeship requirements are met)

## HOME ENERGY PERFORMANCE REBATES

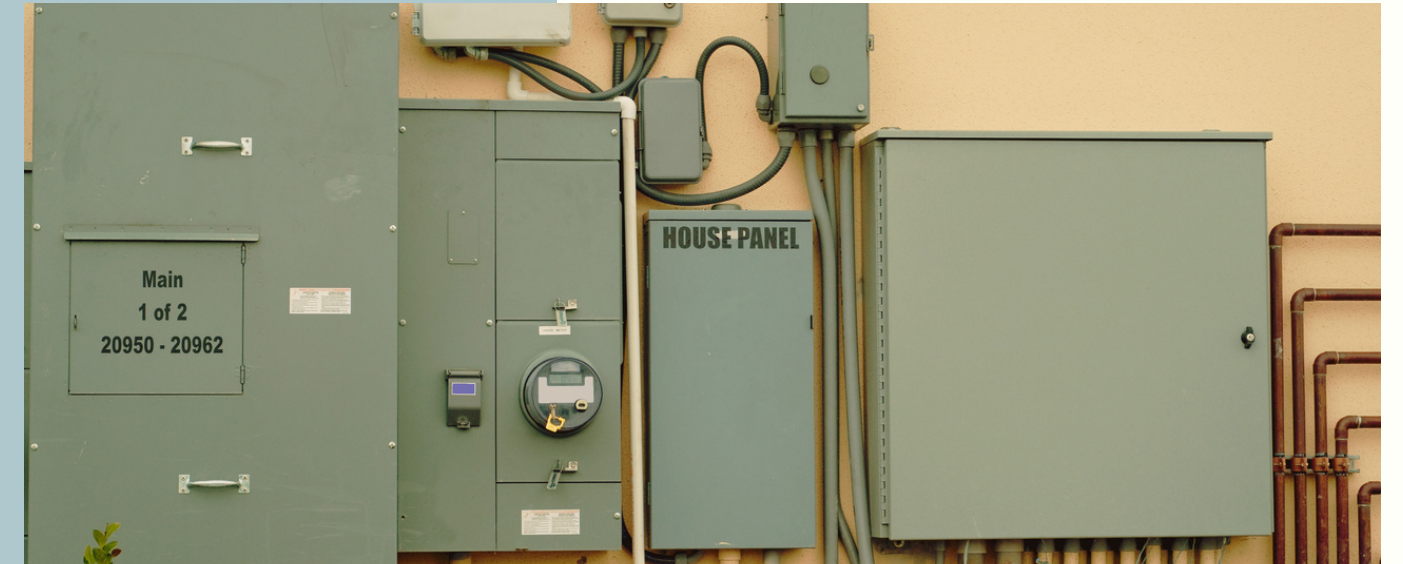
- Expires in 2031 or when money runs out
- \$4.3B in direct rebates for single- and multi-family
- Energy savings at least 35% - up to \$400,00 of costs

## ENERGY EFFICIENT NEW HOMES

- Extended through 2032
- Available for single- and multi-family manufactured homes
- \$2,500 for Energy Star or Manufactured New Homes reqs

## INCOME-DEPENDENT PROGRAMS

- Low- to Moderate-income households can get up to \$14,000 (rebate)
- Higher income households up to 30% tax credit



# Energy Efficiency Grants + Loans



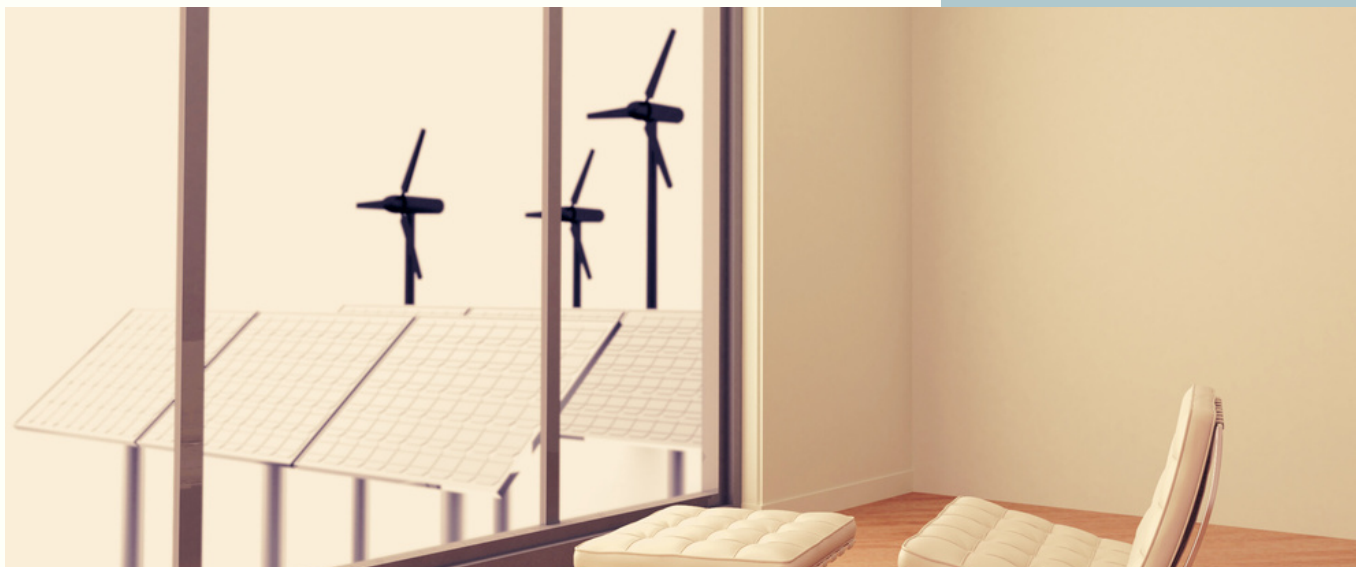
## AFFORDABLE HOUSING GRANTS + EFFICIENCY GRANTS

- \$5B to HUD
- \$1B direct grants, \$4B loans
- Expires 2028 or when funding runs out
- Grants + loans for upgrades to improve energy and water efficiency, improve air quality, building electrification and other sustainability measures



## GRANTS FOR MATERIALS + TRAINING

- \$250M for development of next generation and low-carbon building materials
- \$200M for training and education for contractors to build the pipeline of workers needed to get upgrades done



# Competitive Funding Opportunities

## ENVIRONMENTAL + CLIMATE JUSTICE BLOCK GRANTS

\$3B for community-led projects in  
disadvantaged communities

## NEIGHBORHOOD ACCESS + EQUITY GRANTS

\$3B to reconnect communities divided by  
infrastructure barriers

## CLIMATE POLLUTION REDUCTION GRANTS

\$250M/planning \$4.75B implementation

## BUILDING CODES GRANTS

\$1B to adopt, update and improve codes

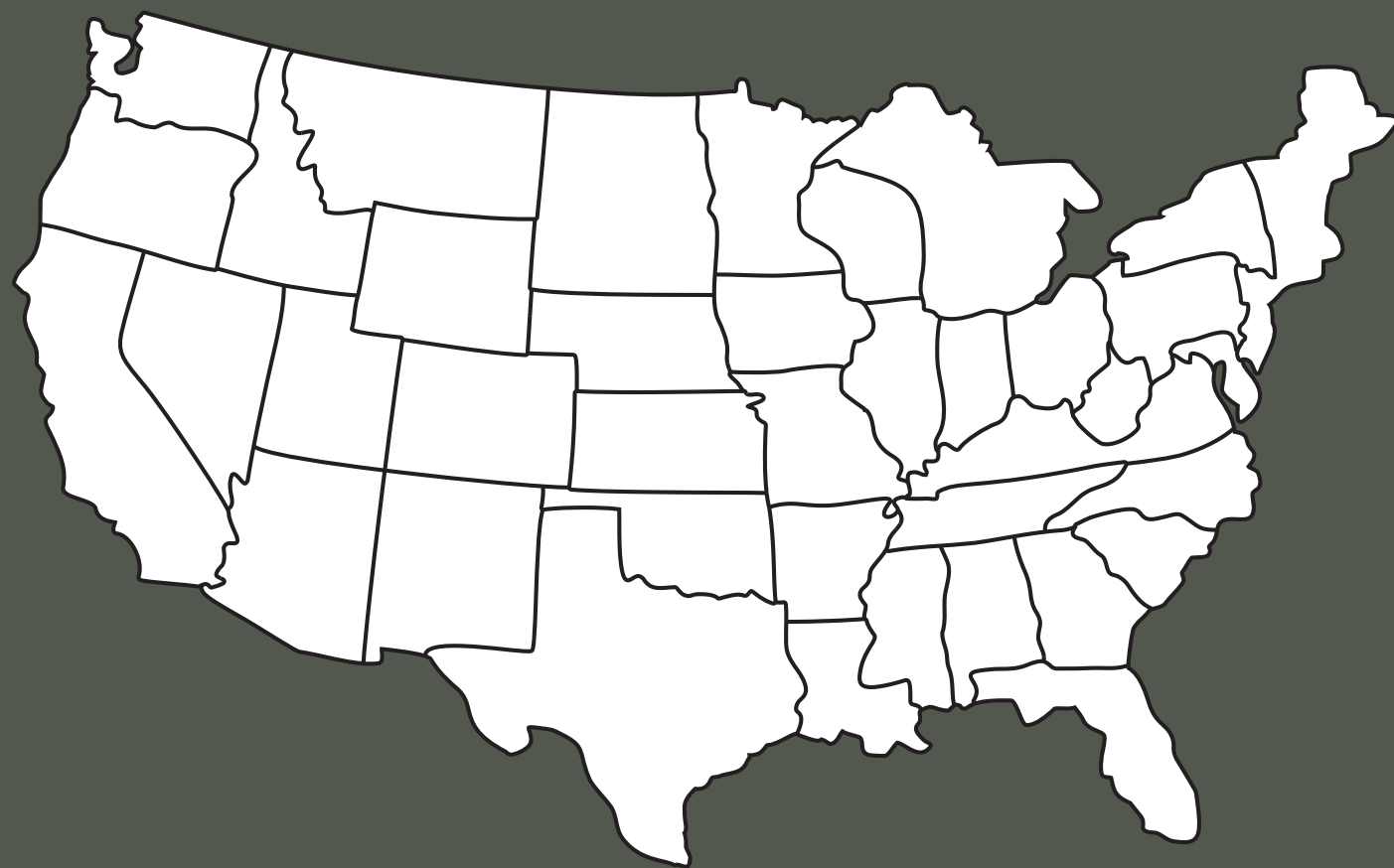
## FORESTRY GRANTS

\$6.4B for conservation, restoration, urban  
forestry and management

## GREEN BANK GRANTS

\$27B for national and local/ \$16B earmarked for  
low-income and disadvantaged communities

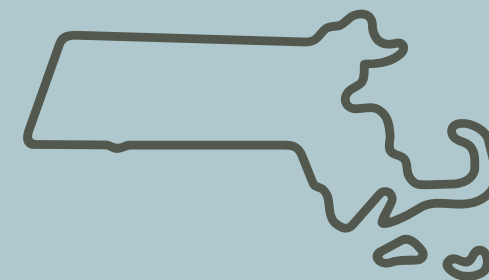
# States Leading in ESG



New York



California



Massachusetts



Washington

# CHALLENGES

The New York Times

*DeSantis Claims Win in Campaign  
Against E.S.G.*

**Report: Authoritarianism on the rise as  
democracy weakens**

An organization of 34 democratic countries says democracy is being degraded around the world because people are losing faith in the legitimacy of elections

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**Biden's climate agenda has a problem  
Not enough workers**

- **POLITICS, PARTISANSHIP +  
GRIDLOCK**
- **RISE OF  
AUTHORITARIANISM -  
DECLINE OF DEMOCRACY**
- **LACK OF CAPACITY +  
SKILLS**

- **MONEY \$\$\$\$\$\$\$**
- **CURRENT POLITICAL WILL**
- **CORPORATE LEADERSHIP + PRESSURE**
- **INTERNATIONAL REGUALTIONS**
- **INCREASED RISK + AWARENESS**

# OPPORTUNITIES



*The Washington Post*  
*Democracy Dies in Darkness*

**BUSINESS**

**Biden's green manufacturing push is bearing fruit**

**FORBES > MONEY**

**ESG Headwinds: Embraced In Europe, Under Fire In America**

**Environment & Energy**

**In Pittsburgh, John Kerry says climate change solutions will be driven by private sector**

# Thank You

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A scenic view of a lake, likely Lake Michigan, with a city skyline visible in the distance. The foreground shows a rocky shoreline with waves lapping at the rocks. The sky is overcast.

**Sustainability is here to stay or we may not be.**

**-Niall Fitzgerald**