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\$2.2 trillion

Approximate total value of the package

\$500 billion

"Liquidity fund" including loans and grants for airlines, air cargo carriers and other distressed companies

\$1,200

Maximum direct payments to low income households, with lower payments for middle-income earners

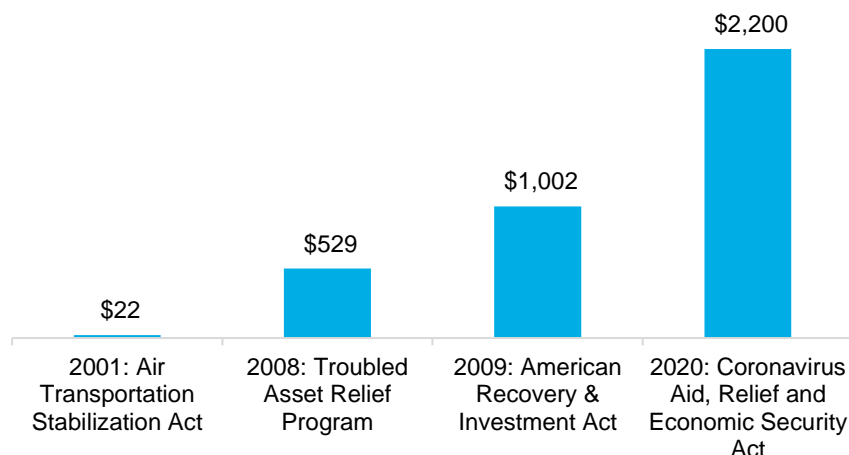
U.S. Stimulus: Energy Seeks a Role in the Next Act

The U.S. fiscal stimulus bill scheduled for vote today by the House of Representatives would be the largest in U.S. history, by far. It distributes about \$2.2 trillion to airlines, other travel-related industries, businesses, hospitals and people eligible for unemployment compensation, among other groups, but it omits relief for the energy sector. Expect both low-carbon and fossil energy interests to press their case for support in coming weeks.

- Legislators rejected a proposal by the White House, and supported by Senate Republican leaders, to spend \$3 billion to buy domestic crude oil for the Strategic Petroleum Reserve. Democrats characterized that plan as an industry bailout.
- Eliminating the massive crude purchase took away the best bargaining chip that climate advocates had to win extensions to wind and solar tax credits and support for the low-carbon transport, energy storage and materials sectors.
- Language in an earlier draft by House Democrats requiring airlines to begin offsetting their GHG emissions in 2025 was not included in the final Senate-passed version. Republicans said that language was at cross-purposes to an effort to rescue the carriers.
- As exhausted lawmakers depart Washington, the nearly unanimous sentiment is that this week's development won't be the final Congressional act on stimulus. The capital's clean energy advocates are mobilizing for action in the next round. Their challenge will be to win funding for decarbonization without having to accede to new fossil-fuel support.
- The timing for next legislative steps is murky, as Covid-19 infections proliferate. The response considered most effective by epidemiologists, social distancing, is practically the opposite of the close-quarters manner in which Congress conducts business.

Figure 1: Largest U.S. fiscal stimulus levels, century-to-date

\$billions in 2020 dollars



Source: BloombergNEF. Note: Note: The 2008 TARP's actual outlay was \$529 billion of the \$841 billion authorized.

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1. Actions, and reactions

- House leaders say they'd like to pass the Senate bill swiftly with a voice vote, which would not require members to be on the House floor. But any lawmaker could block that process and demand a recorded vote.
- Time is very much of the essence for renewables developers, who report that they are hobbled by virus-related labor shortages and supply-chain interruptions. Wind developers in particular must hit project completion and investment targets this year in order to qualify for the maximum value of the federal Production Tax Credit ([web](#)).
- Even before the bill reached his desk, President Trump directed his cabinet to suspend plans to buy oil for the strategic reserve. That is a setback for the nation's producers, who are trapped between cratering demand from the pandemic and cratering oil prices as a result of a market-share war between Saudi Arabia and Russia.
- The Energy Department said on March 25 that, while it is withdrawing its notice of interest to buy 77 million barrels of domestic crude, it will restart the solicitation if it can pay for it with internal transfers of existing congressional spending authority.
- The business shutdowns ordered by governors and mayors across the U.S. led unemployment claims to a record 3.28 million last week. That is five times the previous weekly record of 650,000 set in 1982.
- Listed companies that obtain government funding or loan guarantees under the stimulus legislation would be prohibited from buying their own stock through the term of the loan plus one year. The bill puts limits on executive bonuses and prohibits them for airline executives. It requires the Treasury Department to publish the terms of financial assistance disbursed to companies, and it requires the appointment of a Treasury inspector general to oversee the loans program.
- Businesses controlled by Trump, Vice President Pence, members of Congress and heads of administration departments are prohibited from receiving assistance from the stimulus bill. The exclusion includes their family members and in-laws.
- The bill authorizes \$100 billion for hospitals, which are at risk of being overwhelmed by coronavirus cases. It also funds the procurement of supplies for the Strategic National Stockpile as warnings emerge about shortages of key anti-infection and testing equipment.
- It blocks the Pentagon from using its \$10.5 billion share of coronavirus funding to pay for the U.S.-Mexico border wall. The Defense Department also is prohibited from using virus aid for drug interdiction activities.

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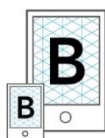
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