

September 22, 2021

The Honorable Charles E. Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20515

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington D.C. 20515

Dear Speaker Pelosi and Leader Schumer:

The FY22 budget reconciliation bill offers a unique opportunity to ensure that the next generation of America's roads, bridges, highways, and government buildings is built using low carbon concrete, cement, and steel, and that we upgrade U.S. factories so that American manufacturers can produce the cleanest building materials on the market. A recent report from the IEA, *Net Zero by 2050*, estimates that global demand for clean energy and sustainable infrastructure materials will reach \$5 trillion per year by 2030. Because industrial decarbonization is being driven by technologies that exist today, we can invest now to cut emissions at our factories and help them make the low carbon industrial products the U.S. and the world will increasingly rely on. Doing so will not only help tackle the climate crisis but support good jobs and clean air and strengthen our manufacturing base.

Under business as usual, the industrial sector is on track to become the largest source of U.S. greenhouse gas (GHG) emissions within the decade. At the same time, products like concrete, cement and steel are foundational to modern life and have few, if any, viable substitutes. Because the federal government is a top purchaser of these and other industrial building materials for both federally funded transportation and federal building projects, our organizations see government procurement as a critical lever in creating early markets for low carbon alternatives and driving transformative changes in industrial plants and processes.

We urge you to support:

- **At least \$6 billion for low carbon materials procurement over 10 years for federally funded building and transportation infrastructure projects**, beginning with purchases of low carbon concrete, cement, and steel, as well as aluminum and glass. We propose doing so via a bid premium for construction projects that feature the lowest embodied carbon materials, as measured by Environmental Product Declarations (EPDs). We estimate that even a small premium of 5-10% would help deploy low carbon products with deep reductions in embodied carbon emissions.

A low carbon materials procurement program will be most impactful if manufacturers of eligible products also receive support in high-quality data on their embodied emissions and direct federal investments to retool their plants and adopt new decarbonization technologies.

We further ask you to fund the following provisions in tandem:

- **\$250 million in grants to fully fund the development and verification of EPDs for businesses that participate in the federal procurement process.** This financial and technical assistance will help generate data critical to improving transparency in reporting the lifecycle GHG emissions associated with producing a range of industrial products. **We applaud the House Energy and Commerce**

Committee for including this funding and strongly support an equivalent investment through the Senate Committee on Environment and Public Works to ensure that it remains in the bill as it moves forward.

- **\$15-22 billion in direct investments to decarbonize U.S. heavy industry with specific line item funding for cement, concrete, steel and aluminum facilities.** We urge at least \$5-7 billion in Investment Tax Credits (direct pay), grants, and/or rebates to retool existing industrial facilities and at least \$10-15 billion in grants and tax credits for first-in-class commercial-scale facilities producing ultra low-emission steel, cement and/or other building and construction materials using transformative industrial technologies. Funding should be provided through the Department of Energy's Advanced Manufacturing Office and the tax code.

Funding generation of EPDs together with low carbon materials procurement would generate millions of tons of CO₂ emissions savings each year. Direct investments, as outlined above, would supercharge these impacts, helping scale adoption of proven technologies that cut the embodied emissions in widely used industrial building and construction materials by 70% or more, and raising overall CO₂ emissions savings to the hundreds of millions. The indirect market transformation benefits would be even greater. That's because as more companies adopt cleaner manufacturing processes to compete for the large pool of federally funded construction business, those same manufacturers will be selling low carbon materials to buyers in the private market alongside the public sector (federal, as well as state and local), markedly increasing emissions savings.

These priorities align with the vision put forward in the American Jobs Plan and President Biden's proposed budget. We urge you to fund them as Congress moves forward with plans for budget reconciliation. Doing so will help ensure we truly build back better. This includes capturing significant emissions reductions by switching to low carbon materials as we renew American infrastructure and invest in the competitiveness of U.S. factories in a carbon-constrained world.

Sincerely,

Blue Planet
Building Transparency
Carbon180
C Change Labs
Environmental Defense Fund (EDF)
Global Efficiency Intelligence, LLC
LafargeHolcim

League of Conservation Voters (LCV)
Natural Resources Defense Council (NRDC)
Open Air Collective
Rocky Mountain Institute (RMI)
Sierra Club
Southwest Energy Efficiency Project (SWEET)
Third Way

CC: Chairs Carper, Pallone, Peters, Manchin, Neal, Wyden

For questions or more information please contact:

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