

Google touts stalled reconciliation package in energy agenda

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Google and other companies will fail to meet ambitious climate targets unless legislation and regulations are quickly approved and imposed to ramp up demand for cleaner forms of energy, the tech giant said in a

new policy statement.

The road to fulfilling some of the policy provisions by unlocking carbon-free electricity's development and access in the U.S. may run uphill if the Senate is unable to reach consensus on parts of the House-passed \$2.2 trillion climate and safety net budget reconciliation package, which has been left on the back burner since February, it said.

In a document released Thursday, the Alphabet Inc. subsidiary said more policies to help drive down the costs of a broad range of carbon-free technologies and related infrastructure are needed to ensure companies can meet decarbonization goals.

Google issued the policy statement as part of an update to its 2020 announcement that it aims to operate on carbon-free [energy](#) entirely for its data centers and offices by 2030. While the company has become one of the biggest corporate buyers of renewable energy, Google said it fears it will not meet its goal—and others will suffer a similar fate—unless lawmakers act.

The company has a responsibility to promote policies that benefit the [global economy](#) given its market power and prominence, warranting the update on its advocacy, said Caroline Golin, Google's global lead of energy policy and market development.

"We will work collectively for political change and for [policy change](#) to see benefits for everyone," Golin told reporters during a virtual meeting on the policy statement.

Tax credits and grants to subsidize the above-market costs of clean energy resources, such as wind and solar, should be continued because they have proven to scale up renewable energy across the country, Google said. To enhance tax credits' effectiveness, lawmakers need to

consider expanding their scope to include other resources and technologies.

"First, incentives should prioritize support for technologies—such as energy storage and high-voltage transmission—that are critical to integrating variable renewable energy resources," the policy statement said. "Second, incentives should be equally available for all carbon-free energy technologies."

Finally, policymakers should provide enhanced support for next-generation technologies and tailor that support to drive continued innovation and cost reductions, the statement said.

Google called for maintaining existing carbon-free technologies, including nuclear and hydropower.

"Many existing zero-carbon energy plants across the world are at risk of shutting down, even if they could continue operating safely for decades longer," the company said. "The loss of such large quantities of carbon-free electricity will increase carbon emissions and make the task of decarbonizing the electricity system more challenging."

Google pointed to the reconciliation bill, known as the Build Back Better Act, and a bipartisan 2021 bill (S 2475) from Sen. Michael D. Crapo, R-Idaho. The reconciliation bill carved out a separate tax credit that would be applicable for all carbon-free resources, as well as standalone subsidies for storage and transmission. Crapo's legislation, introduced last summer, would create a technology-neutral tax credit that would phase down once technologies prove their commercial viability.

After Senate Energy and Natural Resources Chairman Joe Manchin III, D-W.Va., said he would not support the climate and social spending package because of its cost, Democrats have gone back to the drawing

board on how to win Manchin's vote to pass the bill with 51 Senate votes under reconciliation rules that avoid the need for a filibuster-proof 60 votes.

Environment critics

Environmentalists have panned the Biden administration for backsliding on the president's climate commitments. The White House said this week it would allow sales of gasoline with up to 15 percent ethanol during the summer, which may worsen air quality in some areas.

The combination of elevated [fuel prices](#) exacerbated by Russia's war on Ukraine and high inflation has put Democrats in a tough spot for their wide-ranging climate policies with midterm elections around the corner, observers said.

In addition, it is unclear if some members of Congress would be receptive to yielding to Google's policy push even if the provisions it laid out would benefit everyone. Its [parent company](#) and other Big Tech firms face a growing bipartisan support for breaking up tech conglomerates because they see them as having too much market power.

Despite the setbacks, Google remains optimistic it can successfully lobby lawmakers to support tax incentives and other provisions to support clean energy.

"We don't really think about federal energy policy from the left or from the right. We think about it as impact," Golin said. "We're always going to be encouraging and working with our trade groups and working with our coalition partners to see the most aggressive, most effective, most holistic climate and energy package that really drives impact and drives change for everyone."

There will need to be "an entire system change" in order for companies including Google and others to decarbonize the electricity they use, Golin added.

"It is more urgent now than ever for us to accelerate the transition to clean energy," she said. "The reality is, to meet a 24/7 carbon-free energy future, the current policies and markets that govern our system have to change."

Companies also face pressure from investors concerned with environmental, social and governance issues to not only work toward decarbonizing their operations, but also to advocate policies to support such efforts.

According to a report led by shareholder advocacy group As You Sow, investors filed a record 529 shareholder resolutions on ESG issues for the 2022 proxy season, up by 22 percent from last year. Of those filed, some 22 percent relate to climate change and 19 percent pertain to corporate political influence, including ones on whether companies' political spending aligns with their publicly stated values.

Google's parent company faces two shareholder proposals on its lobbying efforts, including one from Zevin Asset Management that asks the company to issue a report on how its political activities align with the Paris Agreement's ultimate goal to limit average global warming to 1.5 degrees Celsius.

The firm said it has reached out to the ESG and proxy voting teams at State Street Global Advisors and The Vanguard Group, two of the biggest asset managers, to discuss Alphabet's lobbying activities and its proposal.

"Alphabet's inconsistent lobbying activities risk eroding its credibility

and undermining the investments it has made to mitigate global warming emissions from its operations," Marcela Pinilla, director of sustainable investing at Zevin, said in a statement on the proposal. "Unchecked lobbying that contributes to delaying climate change action will increase the likelihood for systemic risks to the global economy. We do not want Alphabet to be on the wrong side of history on this one."

Golin declined to discuss whether the company would be willing to shift its political spending away from lawmakers that decline to support policies to boost [clean energy](#).

"It's a much bigger conversation than that," she said. "I'm positive that we are engaged through coalitions and through our trade groups is the way we always will be."

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