

DOE-FOA-0002995/OCED-RFI-23-1: Request for Information on the Department of Energy's Use of Demand-Side Support for Clean Energy Technologies

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To: Office of Clean Energy Demonstrations (OCED)
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RE: OCED-RFI-23-1

The Bipartisan Policy Center and Clean Energy Business Network encourage DOE to explore the utilization of demand-side support measures to aid in energy technology scaleup. BPC believes any demand-enabling tools provided by DOE must have a clear rationale and bipartisan support to ensure that such solutions are durable and provide the long-term market certainty needed for new energy technologies to succeed.

As part of this effort, DOE should develop a framework for determining what market development tools are most appropriate for a given technology or end-use application and should develop a set of measurable goals for the program. There are a variety of technical and commercial issues at play when commercializing advanced energy technologies at scale and DOE should examine what market development tools are the best fit for each particular use case. For example, carbon removal solutions may benefit most from advance market commitments (where current market demand does not yet exist at a meaningful scale), whereas other technologies that provide market products at a premium cost may be more

appropriately supported with tools that compensate for revenue gaps such as price support mechanisms or direct offtake agreements under long-term contracts. In developing any such a framework, DOE should start with the goal in mind. Considerations should include: identifying the problem to be solved (i.e. focusing on a particular sector or end-use); identifying the market barriers a solution is facing that are preventing initial demonstration projects from securing commercial financial arrangements or greater adoption; exploring the demand-side tools best suited to overcome the adoption barriers; and, importantly, considering whether the demand-side tool should be provided by the federal government or whether that should be left to private sector actors.

Above all, DOE must ensure that any demand-side tools that the U.S. federal government provides are appropriate for the application and have broad political consensus to ensure long-term, durable policy and market certainty. The political implications of federal demand-side support are non-trivial, and failure to secure broad political support for these initiatives will likely hinder progress on our national climate goals. Further, reducing political risk of demand-side support tools will increase DOE's ability to catalyze private capital. To aid in building bipartisan support, DOE must proactively engage Congress and other stakeholders early and often to educate the financial community along with both Republican and Democrat Congressional members and staff on DOE actions to ensure transparency on what could become a politically charged issue. DOE must work with Congress as its partners in this effort.