

United States Senate

WASHINGTON, DC 20510

October 8, 2024

The Honorable Pete Buttigieg
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington, D.C. 20590

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, D.C. 20460

Dear Secretary Buttigieg and Administrator Regan:

With significant federal investments underway to accelerate industrial decarbonization, we write to urge that federal “Buy Clean” policies that being developed as part of implementation of the Inflation Reduction Act (IRA) be implemented in a manner that incentivizes emissions reductions throughout the entire domestic steel industry by adopting bifurcated “Buy Clean” thresholds that incentivize all market participants to produce cleaner steel.

Integrated steelmaking is the process by which “first melt” steel is produced. The integrated process utilizes domestically produced iron ore pellets to produce pig iron in a blast furnace and, subsequently, steel in a basic oxygen furnace when iron is combined with recycled steel and alloys. Electric Arc Furnace (EAF) producers manufacture steel using predominantly recycled steel along with metallics such as imported pig iron. Accordingly, integrated steelmaking and EAF steel products each result in distinct embodied greenhouse gas emissions profiles, in part due to differences in the relevant stages of production, use, and disposal. Both the integrated and EAF segments of the American steel industry boast some of the most carbon-efficient steel production on the planet. A successful “Buy Clean” approach will establish separate carbon intensity thresholds for integrated and electric arc furnace steel producers to incentivize all steel market participants to produce cleaner steel.

In 2023, the General Services Administration (GSA) was the first federal agency to establish “Buy Clean” thresholds. In doing so, the GSA adopted a “bifurcated” approach to Buy Clean that recognizes the clear difference in EAF and integrated steelmaking, noting that “[e]stablishing GWP limits for individual manufacturing processes (i.e. integrated mill and electric arc furnace) will promote innovation throughout the industry and lower emissions from all processes.”¹ GSA’s bifurcated approach was thoughtful and consistent with the Congressional intent of the IRA’s Buy Clean programming.

The Federal Highway Administration (FHWA) is currently finalizing its solicitation criteria for its Low-Carbon Transportation Materials Grants Program (LCTM)². The LCTM is a \$2 billion “Buy Clean”

¹ <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-pilots-buy-clean-inflation-reduction-act-requirements-for-low-embodied-carbon-construction-materials-05162023>

² Authorized in IRA Section 60506 and codified in 23 U.S.C. 179

pilot program to support purchases of low-embodied carbon (LEC) construction materials – including concrete (and cement), glass, asphalt mix, and steel – in certain federally assisted projects. To meet the clear intent of IRA Section 60506, the LCTM pilot must follow the precedent established by GSA and adopt bifurcated “Buy Clean” thresholds that recognize the inherent differences in EAF and integrated steelmaking. Any attempt to categorically exclude the lowest-emitting integrated steel mills from Buy Clean eligibility would do a disservice to the policy objectives of “Buy Clean.” Furthermore, failure to adopt bifurcated “Buy Clean” thresholds would disenfranchise tens of thousands of union-represented steelworkers who are overwhelmingly employed at more labor-intensive integrated steel mills. Such an outcome would fall short of the Administration’s goals, both in terms of bold climate action and worker-centered policy.

As the FHWA works to finalize its solicitation criteria for the LCTM program, we urge you to reject a one-sized fits all policy that doesn’t recognize the inherent differences in steel manufacturing processes and opt for a final set of criteria that supports cleaner steel production across the industry. Thank you for your consideration of our views on this important policy matter.

Sincerely,



Sherrod Brown
United States Senator



Tina Smith
United States Senator



John Fetterman
United States Senator



Amy Klobuchar
United States Senator



Robert P. Casey, Jr.
United States Senator



Tammy Baldwin
United States Senator



Debbie Stabenow
United States Senator



Gary C. Peters
United States Senator

CC: Acting Administrator White, Federal Highway Administration; Administrator Carnahan, General Services Administration