

# REPEALING FEDERAL ENERGY TAX CREDITS WOULD COST AMERICAN JOBS AND INCREASE HOUSEHOLD ENERGY BILLS

In 2022, Congress created clean energy tax credits and funding programs to reduce consumer costs, revamp America's energy system, and attract domestic manufacturing investment. These credits were established under the Inflation Reduction Act (IRA), which has since generated [\\$600 billion](#) in private investment across roughly 750 domestic clean-energy projects, creating more than [406,000](#) new American jobs.<sup>1</sup>

However, the 119th Congress is considering repealing existing federal funding and tax credits, risking billions in investments, undercutting economic growth, eliminating jobs, and raising consumers' energy bills. Meanwhile, Trump administration proposals to repeal federal policies, including freezing funding for IRA programs [have stalled](#) more than 60 new projects, costing Americans more than 42,000 announced jobs and \$57 billion in investment through February 2025.

Energy Innovation used its open-source, peer-reviewed [Energy Policy Simulator](#) to analyze the potential effects of repealing these existing federal policies. This analysis compares a "Current Policies" scenario that includes all current legislation and regulations and a "Repeal" scenario that removes federal clean energy tax credits and other funding programs starting in 2025. This updates our [previous modeling](#), running the Repeal Scenario on the most [up-to-date EPS platform](#) with several methodological improvements and bug fixes.

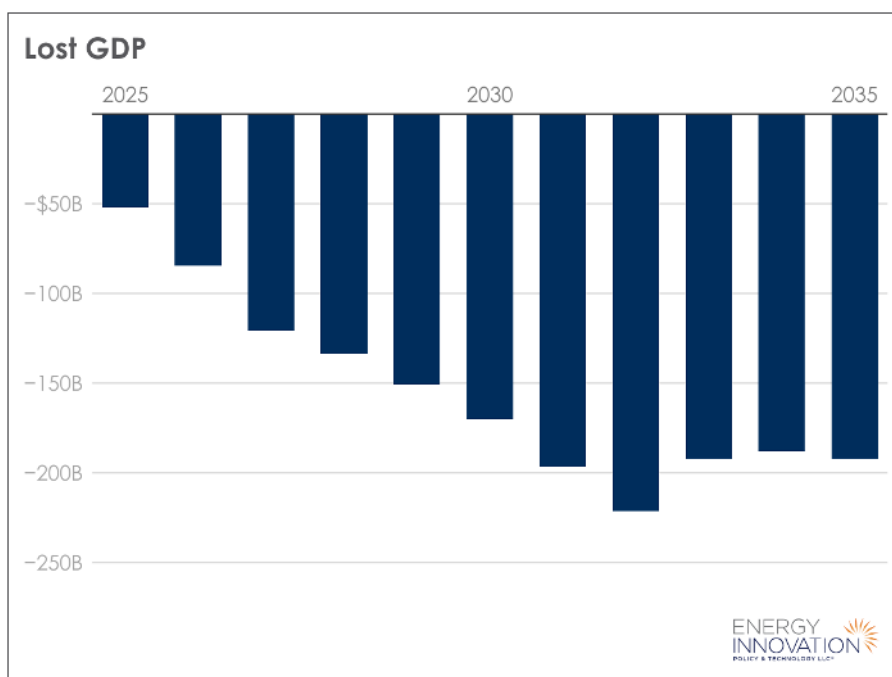
We find that repealing existing federal clean energy tax credits and funding programs would increase annual cumulative household energy costs by nearly \$32 billion from 2025-2035, with annual consumer energy bills increasing by more than \$6 billion across all American households in 2030, growing to more than \$9 billion in 2035. It would cost our economy nearly 790,000 jobs in 2030 as new investment in American energy falters and GDP drops by more than \$160 billion.

## Repealing Existing Federal Policies Would Reverse Economic Growth

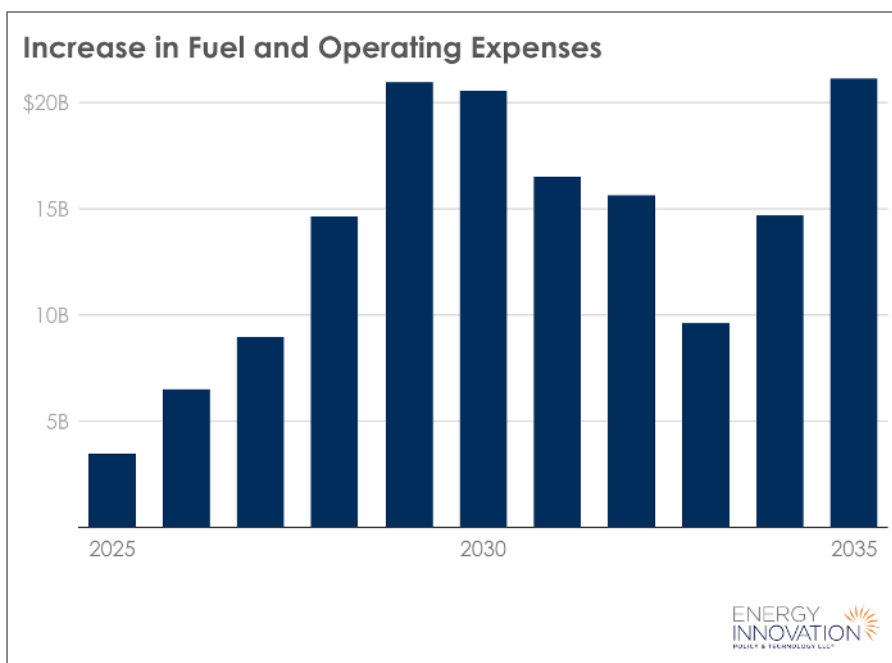
Tax credits for clean energy technologies have already spurred significant investment in domestic manufacturing, with 77 percent of clean energy manufacturing and deployment investment flowing to Congressional districts [represented by Republicans](#). Under the Repeal Scenario, we find decreased clean investments would reduce GDP by more than \$160 billion in 2030 and nearly \$190 billion in 2035, compared to the Current Policies case. This is largely driven by fewer clean energy manufacturing and construction projects.

---

<sup>1</sup> As of January 2025



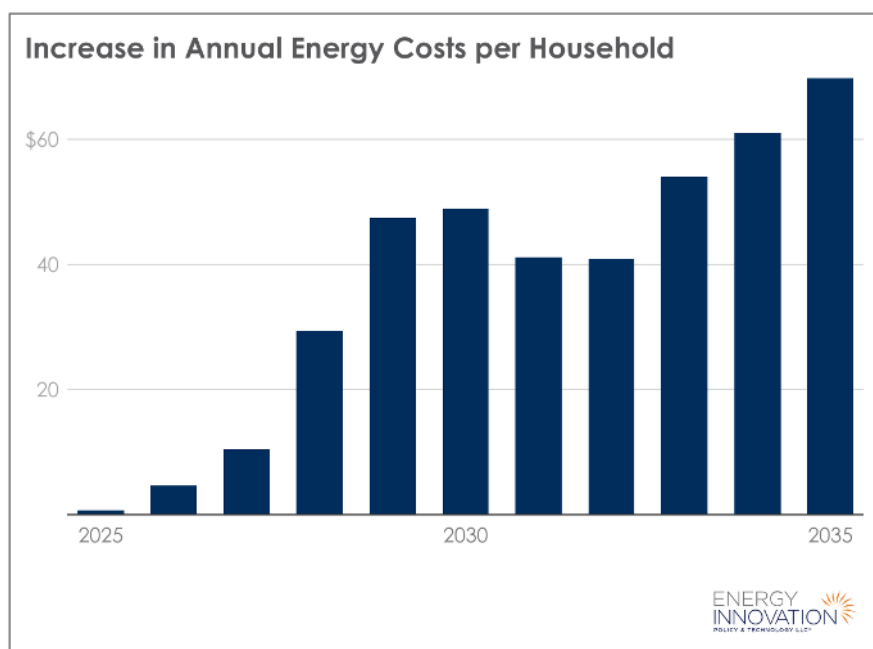
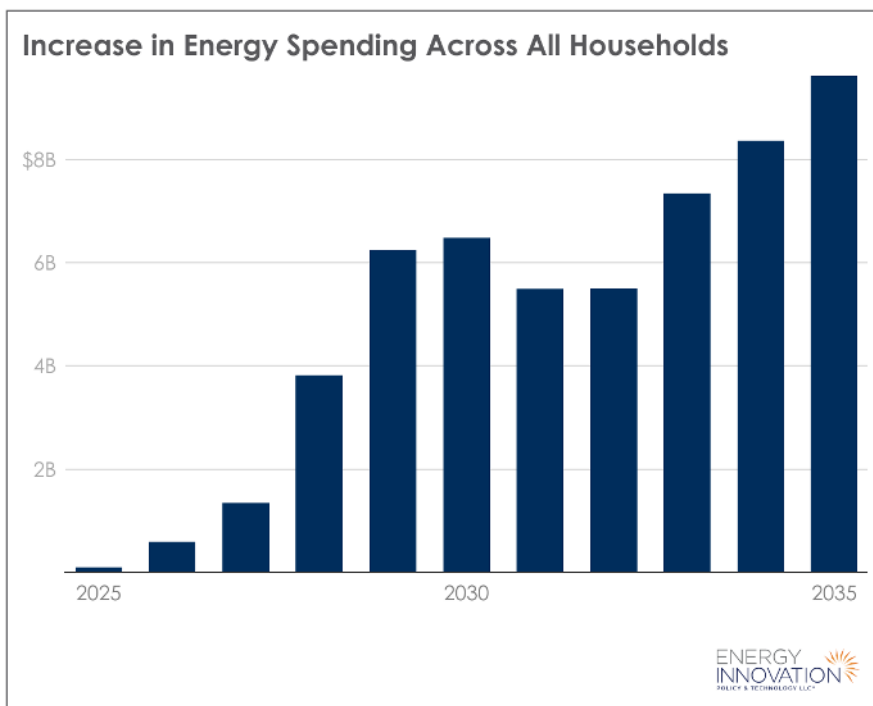
Reduced clean energy investment will increase fuel and operating expenses across the country. Wind and solar have no fuel costs and lower operation and maintenance (O&M) costs than gas, coal, oil, or nuclear power plants. Full repeal of existing federal policies would increase the share of electricity coming from these power plants, creating roughly \$20 billion in additional fuel and O&M costs in both 2030 and 2035 compared to the Current Policies scenario.



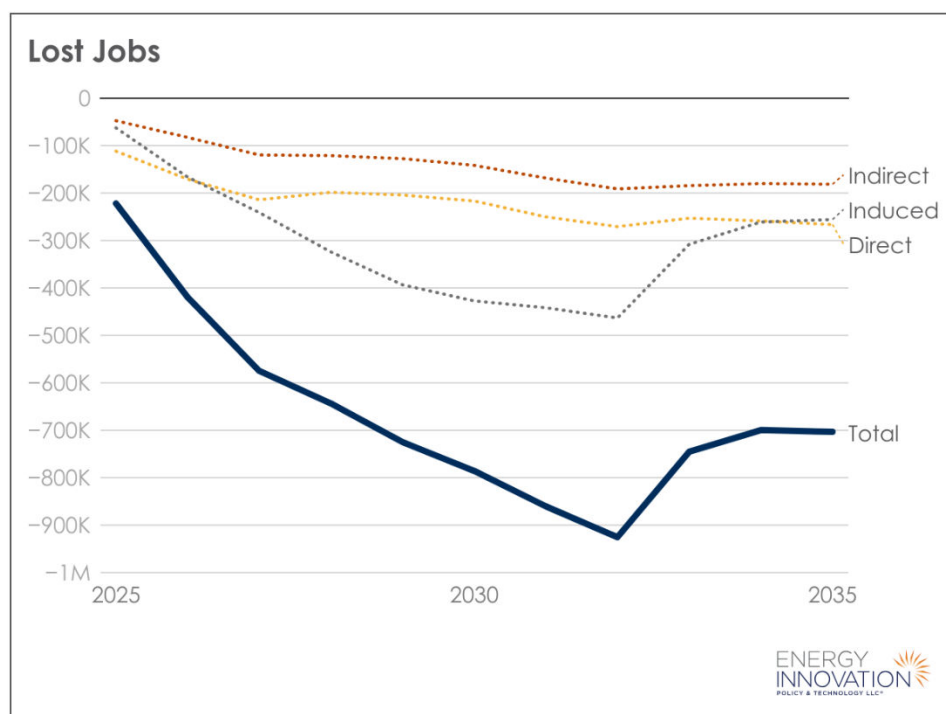
### Weakened Economy Would Hurt Americans

These increased fuel and O&M expenses, along with the loss of clean electricity tax credits, would force

American households to pay more for electricity, driven by higher total (capital plus operational) costs passed through by utilities. These effects would increase annual energy costs on a per household basis by an average of \$48 per year in 2030 and \$68 per year in 2035, with costs continuing to increase in subsequent years

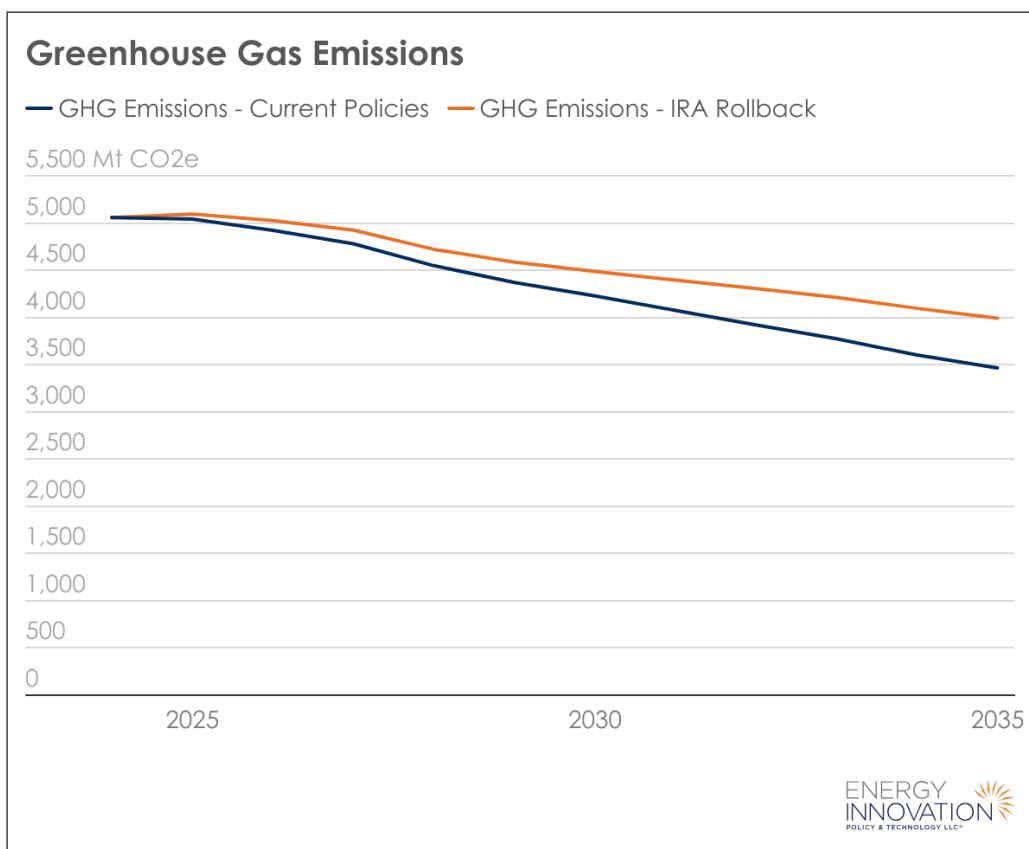


The Repeal Scenario's economic harm extends to job losses. We find that repeal would cost Americans nearly 790,000 jobs compared to the Current Policies scenario in 2030, and more than 700,000 jobs in 2035. This includes losing direct and indirect jobs from decreased investments in clean energy projects, as well as from induced economic activity (e.g., high fuel costs mean consumers have less money to re-spend in the economy).



### Increased Pollution Would Increase Air Pollution That Harms Public Health

Repealing federal clean energy tax credits and funding programs would also increase air pollution, especially from power plants. We find that emissions would increase by nearly 260 million metric tons of carbon dioxide equivalent (Mt CO<sub>2</sub>e) in 2030, rising to more than 530 Mt CO<sub>2</sub>e in 2035 – the equivalent of adding 116 million cars to the road. Higher local air pollution would harm public health, leading to more than 360 additional premature deaths annually by 2030 and more than 320 by 2035.



#### Methodology

The Current Policies scenario includes the IRA, the Infrastructure Investment and Jobs Act (IIJA) and the CHIPS and Science Act, as well as finalized rules from the U.S. Environmental Protection Agency including oil and gas methane standards; tailpipe CO<sub>2</sub> standards for light-, medium-, and heavy-duty vehicles; and power plant CO<sub>2</sub> standards. It also includes any state-level renewable portfolio or clean energy standards, state carbon pricing schemes, and adoption of Advanced Clean Cars I and II and Advanced Clean Trucks.

The Repeal Scenario reverses key IRA clean energy tax credits and rescinds funding for all other federal programs starting in 2025. It does not reflect changes in the share of technologies that are produced domestically after repeal, meaning our estimates are likely conservative and impacts are likely greater than reported.

For more information on how we modeled federal clean energy tax credit and other federal funding programs, [see Appendix A](#). Model settings for this analysis are also available on request. Documentation on the EPS model architecture and methodology can be found on [Energy Innovation's website](#).