ENERGY INNOVATION
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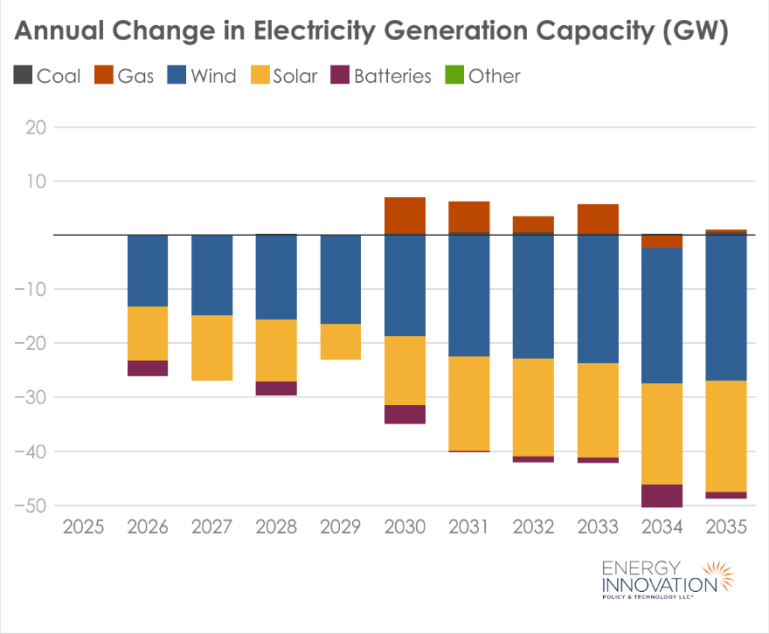
Economic Impacts of U.S. Senate "One Big Beautiful Bill Act" Energy Provisions

Summary

The United States Senate passed its version of the One Big Beautiful Bill Act on July 1st. The text modifies the energy provisions of the U.S. House of Representatives' version, adjusting the timeline for repeal of some energy tax credits, changing FEOC requirements, and excluding the repeal of U.S. Environmental Protection Agency tailpipe rules, which the Senate Parliamentarian ruled could not be included in Reconciliation.

The bill will reduce additions of new cost-effective electricity capacity, raising power prices for consumers and decreasing U.S. GDP and job growth in the coming years. This summary of impacts is an addendum to our national and state-by-state modeling of the House text released on June 11th.



Fewer Power Plant Additions

By quickly phasing out technology-neutral clean energy tax credits and adding complex material sourcing requirements, the bill would significantly hamper the development of domestic electricity generation capacity. By 2035, we forecast a 340 gigawatt decrease in generation capacity due to policies in the final Senate text.[1]

Under the final Senate bill text, wind sees the greatest losses, with about 200 GW less capacity by 2035. Solar sees 150 GW less capacity in 2035. Around 17 GW fewer grid batteries would be installed on that timeline. We foresee 19 GW of additional natural gas capacity by 2035, but the current supply chain backup will prevent any additional gas buildout in the next five years, during which time data center load growth is expected to drive demand for new power capacity.

As a result, this bill will make it more expensive to meet growing demand in the next five critical years in the global AI race, damaging U.S. industrial competitiveness.

[1] We have incorporated the latest planned and under construction capacity additions from EIA into this updated modeling.

Increased Power Prices

Under the Senate bill, the loss of low-cost renewables and higher induced gas prices would lead to significant electricity price increases. Wholesale electricity prices increase by 25 percent by 2030 and 74 percent by 2035.[2] Wholesale electricity costs would balloon from $140 billion in 2035 with current policies to $230 billion in the Senate scenario, a 70 percent increase over current policies. Utilities are expected to pass these costs on to consumers and electricity rates would increase 10 to 18 percent by 2035 for residential, commercial, and industrial consumers.

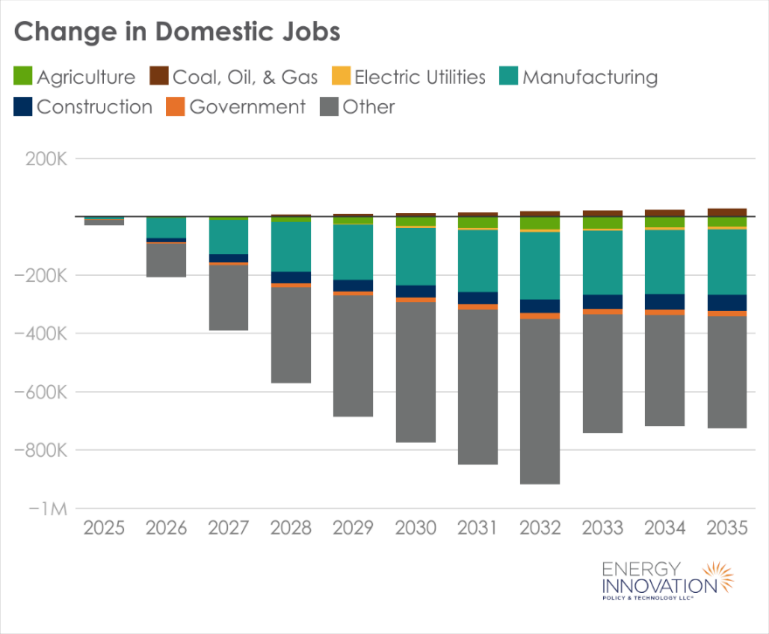
Households will face significantly increased energy costs: we find $130 annual increases in household energy bills by 2030 and $170 by 2035 due to the Senate text. Note that household impacts will vary significantly by state; see our prior modeling which found electricity cost increases of over $400 per household per year by 2035 in some states.

Decreased Economic Activity

As deployment of new energy resources and advanced manufacturing decline under the bill, the U.S. will lose out on significant planned private investment.

We forecast annual losses of $130 billion in GDP by 2030 and $110 billion by 2035. Summed through the budget window, energy provisions in the Senate bill would cost the U.S. $980 billion in GDP.

Workers will suffer from factory closures and construction halts. We forecast job losses of 760,000 jobs by 2030 due to the Senate Budget bill. Job losses peak at 900,000 in 2032, before shrinking to 700,000 in 2035.



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Full results of our modeling are available on Zenodo here.

[2] The percentage increase in price is higher than costs because of changes in total demand for electricity.