EEI
Edison Electric
INSTITUTE

ENERGY TAX CREDITS:

Lowering Costs for Electricity Customers While Strengthening America's Energy Security

Across the country, America's investor-owned electric companies are hard at work on meeting today's energy challenges. We're strengthening and securing the energy grid to meet growing demand and to reduce outages and recover faster when they happen. We're using a diverse, balanced, and domestic energy mix that is increasingly clean and helps ensure reliability. And, we're advancing energy innovation while working to keep customer bills as low as possible and to meet the needs of our communities.

Electric companies are aligned with President Trump's goals to keep energy costs as low as possible for customers, strengthen U.S. competitiveness and national security, and ensure energy dominance. Existing energy tax credits are foundational to our short- and long-term plans for meeting these goals.

Policymakers in Washington are debating whether to repeal existing energy tax credits. Sweeping changes in existing tax policy would have long-term consequences for energy security and impact billions of dollars in current investments flowing to communities and electricity customers.

Maintaining Key Tax Provisions Fights Inflation and Strengthens Energy Security

Keeping electricity costs for customers as low as possible in the midst of skyrocketing energy demand is a national imperative. Repealing existing energy tax credits or transferability provisions would threaten the ability to meet this higher demand, increase costs for tens of millions of electricity customers, undermine energy projects already underway, and harm short- and long-term economic growth opportunities.

Existing tax credits from both the Tax Cuts and Jobs Act (TCJA) and the Inflation Reduction Act incentivize a wide range of technologies that historically have had broad bipartisan support and that also greatly benefit from preserving transferability. Most important, every dollar EEI's member companies receive from federal tax credits or from the transfer of federal tax credits is passed through to customers in the form of lower electric bills. For example:

- When lawmakers passed President Trump's TCJA, the corporate rate reduction from 35 percent to 21 percent not only lowered future tax costs but resulted in nearly $62 billion of taxes being returned to customers in the form of lower rates over time.
- EEI estimates that maintaining the energy tax credits will enable electric companies to lower customer bills by $45 billion between 2025 and 2032.

We already are seeing the credits reduce energy inflation today. While the increase in inflation across the entire U.S. economy was 3.0 percent for the 12-month period ending January 31, 2025, the electricity index rose by only 1.9 percent, due in part to the benefits of existing energy tax credits.

The current technology-neutral approach also supports an all-of-the-above energy strategy and enables each region and company to plot the lowest-cost path to a resilient energy future.

Regulators carefully weigh costs to customers and reliability metrics when approving electric companies' plans for building new infrastructure. These plans currently take into account existing energy tax credits. In the event of a significant reduction in these tax credits, it is estimated that nearly 75 gigawatts of planned new generation capacity will be cancelled between 2025 and 2032. While some of the planned renewable generation will shift to natural gas, it is not enough to meet the anticipated energy demand during this time frame.

The existing energy tax credits and transferability provisions support President Trump's goals to keep energy prices as low as possible for customers, strengthen U.S. competitiveness and national security, and ensure energy dominance by:

- **Flowing** tax credits directly back to customers in the form of lower bills.
- **Keeping** in place transferability provisions that are accelerating the deployment of capital in a way that delivers immediate cost savings to customers.
- **Driving** investments in much-needed generation, which is critical to outpacing China in the race for global AI leadership.
- **Helping** industry demonstrate and deploy the most competitive next-generation energy resources that can be counted on 24/7.
- **Allowing** electric companies to maintain a balanced energy mix that includes natural gas, renewables, energy storage, and new and existing nuclear.
- **Ensuring** America is home to the industries, technologies, and jobs of tomorrow.
- **Preserving** long-term certainty so electric companies can focus on affordability and reliability, rather than having to seek new approvals from state commissions for adjusted long-term plans that would result in less new infrastructure being built at a higher total cost.