Power Sector Tax Credits Can Help to Significantly Reduce Inflationary Pressure for Americans while Spurring Jobs Growth and GDP

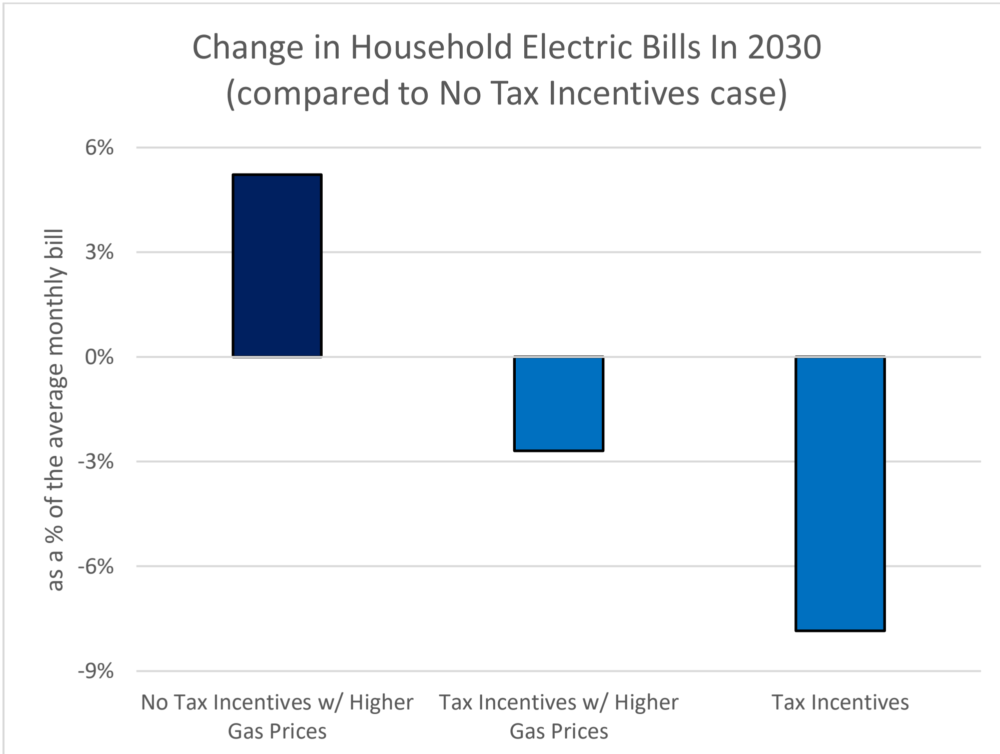
CHAMBERS FOR INNOVATION & CLEAN ENERGY

Extreme volatility in the price of natural gas, the number one source of U.S. electrical generation, continues to put American families and businesses at risk as essential services become more difficult to afford. The clean electricity tax credits considered for inclusion in a Reconciliation Package carry with them a profound ability to provide relief to American businesses and families suffering from this inflationary pressure on goods and services that is impacting their daily lives. **By 2030, clean electricity tax credits envisioned in the Reconciliation Package could cut household electricity bills by approximately 8%.**

Without the clean electricity tax credits, higher natural gas prices will continue to result in substantial increases in retail rates and bills for American consumers. Natural gas prices have more than doubled year-over-year due to geopolitical events and tight supply. If gas prices remain elevated, average electricity bills for homeowners in the U.S. **would increase as much as 5.2% by 2030** as compared to projected bills with cheaper gas. The impact would likely be similar for small businesses across the country.

However, the tax credits being considered for inclusion in a Reconciliation Package would fully offset this inflationary pressure from higher natural gas prices. Even if gas prices were to remain elevated this decade, the average American household could anticipate a **2.7% reduction in monthly electricity bills** when compared to a scenario with cheaper gas prices but no tax incentive. While not modeled, the average U.S. small business consumer would likely see similar benefits.

Clean electricity tax incentives would still reduce household electricity rates and bills even if gas prices were to fall back down to pre-pandemic prices. In this scenario, **the clean electricity tax credits could cut the cut the average monthly electricity bill by around 8% in 2030 for the average U.S. household**, as compared to a scenario with no tax credits.



Beyond the ability to reduce inflationary pressure, the clean electricity tax incentives will also drive substantial economic growth. The investment in new clean energy projects could support as many as **187,400 jobs** across the U.S. renewable energy supply chain, driving up to **$30B of economic activity and nearly $15B in annual wages** in 2030.

Further, unlike the volatility of natural gas prices, clean energy prices are set and contracted for decades, providing certainty to all rate payers and utilities. This certainty combined with clean energy being the cheapest source of new electrical generation, is driving record numbers of clean energy power purchase agreements (PPAs) by U.S. companies looking to be more sustainabile and lower their cost of doing business.

Source:
These data results are according to a preliminary analysis developed for and by NRDC using ICF's Integrated Planning Model (IPM). Full details on modeling methodology available upon request.