



The Daily Dish

Sorting Through the Energy Provisions of OBBBA

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Clean power supporters are [decrying](#) the phase-down, phase-out, and other reductions in subsidies in the One Big Beautiful Bill Act (OBBBA): “In the zeal to undo the accomplishments of the prior party, American communities are collaterally damaged,” said Jason Grumet, chief executive of the American Clean Power Association, a trade group that is fighting to slow the phaseout of tax credits for renewable power.” Meanwhile, there are new tax breaks for coal, leading erstwhile POTUS best buddy Elon Musk to [opine](#): “It is utterly insane and destructive. It gives handouts to industries of the past while severely damaging industries of the future.”

What is one to think of all this? Let’s begin with some level-setting.

Eakinomics Dictum #1: If your business cannot survive without a tax provision, you don’t have a business - you have a tax shelter, and it should go away.

Eakinomics Dictum #2: The best energy policy is open, unfettered, competitive markets.

Eakinomics Dictum #3: The best climate policy is a well-designed carbon tax.

What does this mean for the OBBBA? Starting with the various clean energy credits and their immediate or eventual demise, they are not good climate policy and should not be salvaged for that reason. See Dictum #3 and everything written by [Shuting Pomerleau](#).

Now, it could be that without the tax credits the wind and solar electricity business will go away. If so, Dictum #1 says good riddance. That is not the reality, however. The dirty little secret is that these credits date to 2005 and were scheduled to be eliminated in 2015. Ten years of start-up subsidies is plenty. But a [deal](#) in 2015 extended them until 2020, and the Inflation Reduction Act put them on steroids. In the end, wind and solar are viable, competitive energy sources, and Dictum #2 says they should just compete on a level playing

field and let the chips fall where they may. Sorry, Elon.

But Musk is right about coal and other subsidies. Dictum #2 extends to all sources of energy. It is long past time for both proponents and opponents of various fuel sources to stop micromanaging U.S. energy markets.

In the end, the OBBBA energy provisions are a unprincipled mess. It's just legislative pickleball. With the change of serve, the opponents have switched sides of the court, but it is still a stupid game.