Press Release

Evaluating the OBBBA's Energy Provisions

JOSEPH BROWN | JULY 8, 2025

The One Big Beautiful Bill Act (OBBBA), signed into law on July 4, includes provisions to overhaul the clean energy credits included in the 2022 Inflation Reduction Act (IRA), estimated to raise approximately $499 billion in net revenue from 2025–2034. In a new insight, Director of Energy and Environmental Policy Shuting Pomerleau walks through the good and the bad of these provisions, evaluating them against the good-tax-policy principles of simplicity, fairness, and fiscal sustainability.

Key points:

- *Among these eliminated energy credits are the clean vehicle credits, residential clean energy and energy efficiency credits, clean hydrogen production credit, and a phaseout of other credits including the clean electricity production and investment credits, which together are estimated to raise about $543 billion from 2025–2034.*
- *The legislation also expands some energy provisions such as the clean fuel production credit and advanced manufacturing credit, which are estimated to cost about $44 billion over the same period.*
- *Overall, the OBBBA's energy provisions do not make much progress in conforming the IRA's energy credits to the good-tax-policy principles of simplicity, efficiency, and fiscal sustainability, and while some of the provisions greatly enhance the simplicity and efficiency of the energy credits and raise some revenue, others make the credits much more complex and inefficient.*

Read the analysis.