

August 16, 2024

Dear Members of Congress:

Today marks the second anniversary of the so-called Inflation Reduction Act of 2022 (IRA), and the critics of its costly and prescriptive Green New Deal-style energy provisions are being proven right. The undersigned organizations strongly urge Congress to repeal this ill-advised agenda before it does even more damage to energy affordability and reliability, household budgets, and the American economy overall.

We recognize that repeal may not happen this Congress, but legislators should take action now, such as through strong oversight and Congressional Review Act resolutions of disapproval, to help set the stage for dismantling the IRA's "green" subsidies at the start of the 119th Congress. Next year, the reconciliation process would likely be the best tool to eliminate the subsidies, and doing so should be done in a manner to ensure a net tax cut.

Two years in, and the alternative energy sources and technologies favored under the IRA are amply demonstrating why they were so dependent on taxpayer handouts in the first place. Most notably, tax credits of up to \$7,500 for purchasers of electric vehicles (EVs) are still not enough to overcome their disadvantages, and sales are stalling. Similarly, proposed offshore wind projects are being cancelled, despite the promise of redundant and generous subsidies for the companies developing them.

Even the energy projects that are moving ahead under the statute are doing so only because they qualify for a steady stream of handouts, not because they are showing any promise in delivering the affordable and reliable energy homeowners and businesses need. Overall, nearly everything bankrolled under the IRA is shaping up to be a boondoggle.

The cost of these subsidies may reach \$1 trillion or more, but the tax dollars squandered are only part of the burden. The IRA forces upon Americans politically favored energy sources too expensive to compete on their own. At the same time, it tilts the balance against conventional and reliable energy sources, especially the fossil fuels that America possesses in great abundance. The unavoidable result is costlier energy bills – the last thing the American people need.

For electricity generation, the IRA is delivering a double whammy of alternative sources that are both more expensive and less reliable. The very threats to grid reliability warned about by such entities as PJM and the North American Electric Reliability Corporation are the ones actively encouraged under the statute. Thanks to the IRA, the American people face a greater likelihood of future blackouts – and are being made to pay for the privilege.

One can't easily escape the burdens. For example, even those who choose not to buy an EV end up subsidizing others who do. They also pay higher sticker prices for gasoline-powered vehicles that directly and indirectly bear some of the costs of the IRA's EV agenda.

Other provisions in the IRA stand out for their intrusiveness. For example, it was just last year that we saw a powerful consumer backlash against proposed federal regulations targeting gas stoves, sparking strong denials from the Biden-Harris administration that any such restrictions are in the works. However, the IRA contains multiple measures that favor electric stoves over gas versions, compromising consumer choice. In fact, the statute meddles with many home appliances.

In addition, the IRA contains some of the most wasteful spending imaginable. Programs like the \$27 billion Greenhouse Gas Reduction Fund for the Environmental Protection Agency were predicted by critics to be little more than lavish slush funds, and those concerns are now coming to fruition.

Selective repeal of a few IRA provisions will not suffice. America's energy future depends on nothing less than an end to this failed attempt at government-imposed energy and a return to free markets. Producers of affordable and reliable energy, including fossil fuels, must know they will no longer face an unfair disadvantage, and subsidized energy producers need to know that the giveaways will come to an end.

For these reasons, legislators should make the dismantling of the IRA's green subsidies a top priority now and in the next Congress.

Sincerely,

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