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The Inflation Reduction Act Is Building a Clean Energy Economy and Good-Paying Jobs

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8–10 minutes

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Government Affairs

Thank you, Chair Johnson, Vice Chair Joyce, Ranking Member Tonko, and members of the subcommittee. I appreciate the opportunity to appear today to provide testimony on the Inflation Reduction Act's historic investments in American households and jobs aimed at accelerating the U.S. transition to a clean energy economy.

Last August, Congress built on the Infrastructure Investment and Jobs Act and the CHIPS and Science Act to enact the Inflation Reduction Act, which represents the largest investment in climate action in U.S. history. This legislation is projected to cut U.S. greenhouse gas emissions to 40 percent below peak levels by 2030, putting the United States on a path toward its Paris Agreement commitment of reaching 50–52 percent below 2005

levels by 2030.¹ These are critical milestones in the effort to limit global warming to 1.5 degrees Celsius this century.

The groundbreaking legislation is already at work today, growing the economy by investing in the middle class: It connects good-paying jobs and apprenticeship programs to clean energy incentives; it builds supply chains and domestic manufacturing that will equip America to compete in the global clean energy economy for decades to come; it cleans up air pollution that is concentrated in low-income communities; and it cuts household energy costs in every region of the country.

The Inflation Reduction Act connects good-paying jobs and apprenticeship programs to clean energy incentives

The Inflation Reduction Act is not only expected to create at least 1.3 million new jobs by 2030;² it has already created more than 142,000 clean energy jobs across the United States. These aren't just jobs of the future. These are high-quality, fair-wage jobs available right now. Importantly, the full value of the revised clean electricity tax credits is only available for project developers who pay prevailing wages and employ people in apprenticeship programs, expanding opportunities to family-supporting employment and ensuring that the clean energy economy will be built with good jobs.³

The Inflation Reduction Act supports the build-out of secure supply chains and domestic manufacturing

The Inflation Reduction Act is a continuation of this administration's commitment to onshoring manufacturing and

building resilient supply chains. For example, the clean energy investment tax incentives depend on increasing proportions of domestic content. There are investment programs for investments in new manufacturing in energy communities (Sec. 13501), advanced industrial facilities (Sec. 50161), automotive retooling (Sec. 50143), and more. The Inflation Reduction Act's advanced manufacturing tax incentives provide a long-term investment signal for critical mineral processing and battery production, and the structure of the Inflation Reduction Act's tax credits for electric vehicles depends on domestic assembly and domestic batteries.

The Biden administration is making investments in cities and towns across the country

Learn more about local projects happening in your community with the Biden Administration Investment Tracker.

Since the passage of the Inflation Reduction Act, companies have announced \$242 billion in new clean power capital investments for at least 191 new clean energy projects in 41 states, as documented by Climate Power.⁴ For example:

- Places like Tucson, Arizona; Rochester, New York; and Florence County, South Carolina, have plans for 65 new battery manufacturing sites.
- Savannah, Georgia, and Montgomery, Alabama, are among the cities with plans for 40 new or expanded electric vehicle manufacturing facilities.
- Pensacola, Florida; Hutchinson, Kansas; and Georgetown, Texas, have plans for 34 expanded wind and solar manufacturing.

These investments in U.S. industry are necessary for competing on the advanced technologies that will power the new clean energy economy, and they will provide decades of job opportunities for communities across the country. Repealing the Inflation Reduction Act would pull the rug out from under recent investments that are already helping the United States to compete with China.

Inflation Reduction Act investments help clean up air pollution that is concentrated in low-income communities

Modeling from Energy Innovation shows that pollution reductions from the Inflation Reduction Act's clean energy investments would prevent up to 4,500 premature deaths and 119,000 asthma attacks annually by 2030.⁵ This translates to \$27–\$42 billion in avoided health damages in 2030 alone. Importantly, these pollution-related deaths will decline by an even greater percentage in low-income communities and communities of color, which are disproportionately burdened by environmental harm and pollutants.

Inflation Reduction Act investments cut household energy costs in every region of the country

Repealing the Inflation Reduction Act would raise household energy costs. The Inflation Reduction Act offers households up to \$28,500 in rebates and incentives to households that choose to install clean appliances in their homes and buy electric vehicles.⁶ For low-income households, these rebates can cover 100 percent of project costs, including installation costs.

Because running on electricity is generally more affordable and less volatile than fossil fuels, home electrification can save the average household up to \$1,800 according to Rewiring America;⁷ and switching to an electric vehicle can save the average driver up to \$2,600 according to Consumer Reports.⁸ Even families that don't take advantage of these programs will still save on their energy bills, as the investments in affordable clean energy and reduced fuel demand across the economy will lower the price of natural gas.⁹ These clean energy investments deliver more and more savings every year, which will be felt in every region of the country, ranging from 9 percent total energy cost savings in New England, to 12 percent in the Midwest, to up to 24 percent on the West Coast by the end of this decade.¹⁰

See also

Conclusion

Although the Inflation Reduction Act was passed with uniform partisan opposition, it brings benefits to all Americans. In fact, according to new reporting, two-thirds of recent utility-scale wind, solar, energy storage and electric vehicle manufacturing projects currently in advanced development are in Republican-led congressional districts.¹¹ Republican-leaning states are estimated to receive an average of \$4,221 in Inflation Reduction Act investments per capita, compared with \$2,427 for Democratic-leaning states.¹² The top 10 states with clean energy projects since the Inflation Reduction Act's passage that have been

documented by Climate Power are Arizona, California, Georgia, Michigan, New York, North Carolina, Ohio, South Carolina, Tennessee, and Texas—a wide cross-section of the country.

The investments driven by the Inflation Reduction Act, together with the Infrastructure Investment and Jobs Act and the CHIPS and Science Act, are building a clean energy economy that will create good-paying middle-class jobs, make the United States competitive in the global economy, cut household energy costs, and save lives.

Thank you for the opportunity to be here today. I look forward to any questions you may have.

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Domestic Climate

It's time to build a 100 percent clean future, deliver on environmental justice, and empower workers to compete in the global clean energy economy.