Tax

Clean Energy Tax Incentives

Preserve clean energy tax incentives that are critical to unleashing the full potential of U.S. energy production

Key Takeaways

1. **Clean energy is growing the economy, employing nearly half a million Americans.**
2. **Clean energy is revitalizing American manufacturing, with over 100 new or expanded manufacturing facility announcements.**
3. **Domestic clean energy is reducing our dependence on foreign energy sources.**
4. **Clean energy is improving the resiliency and reliability of the grid.**

Background

The U.S. has 262 gigawatts (GW) of clean energy powering the grid—enough electricity to power the equivalent of 69 million homes. Today, the nation generates 16% of its electricity from solar and wind.

Last year, a record 33.8 GW of clean power came online. A comprehensive tax code—one that now provides clear market signals encouraging increased investment in domestic clean energy production—helped fuel this growth. Bonus tax credits for energy communities and projects using domestic content also ensure that we are re-investing in our communities.

The private investments announced over the last 20 months are equivalent to over 30 years' worth of American clean energy investment. These investments and projects will strengthen our energy independence, improve air quality, and support one million American clean energy jobs.

It is critical to protect investment and production tax credits for solar, wind, hydrogen, storage, and manufacturing that are unlocking these benefits.

Growing the Economy & Spurring Activity in Rural America

Clean energy is found in 93% of congressional districts and in all 50 states. The industry employs 460,000 Americans with good paying jobs across the country—with more on the way.

Clean energy incentives are fueling this surge, offering companies significant opportunity to invest in new utility-scale wind, solar, and storage projects while passing on savings to American consumers.

Over the last 18 months, the clean energy sector has been:

- **Lowering Energy Costs:** $4.5 billion in customer savings announced
- **Creating Jobs:** 43,000 new manufacturing jobs announced
- **Leveraging Private Capital:** $460 billion announced in domestic utility-scale clean energy investments

Changing the Tax Code Risks Economic Benefits

Projects take years to plan and build. Companies rely on **certainty in the tax code** to ensure financial stability for the projects and to ensure affordability for the consumer. Changing the rules midstream jeopardizes the stability of these American industries.

Revitalizing US Manufacturing & Shifting Supply Chains

Across the U.S., there are **over 500 manufacturing facilities** producing components for wind, solar, and storage projects in the clean power industry. Since the Advanced Manufacturing Production Tax Credit (45X) was created:

- **140 new or expanded domestic manufacturing facilities** have been announced
- 82 of those will support the solar industry as we begin to onshore much of that supply chain

That translates to:

- **43,000 new jobs**—with more on the way
- **$40 billion in new manufacturing investment**

Should these announcements reach operation, ACP estimates a nearly **five-fold increase in solar module production** and more than **four-fold increase in grid-scale battery storage**, along with significant increases in production output for solar cells, polysilicon, ingots, wafers, blades, towers, and nacelles *(see chart below)*.

Improving the Resiliency and Reliability of the Grid

After a decade of stagnant growth in U.S. electricity demand, grid planners expect peak demand to grow nearly 5% over the next five years. This is equivalent to another New York state coming online by 2028. Some areas are even projecting a 20% load increase.

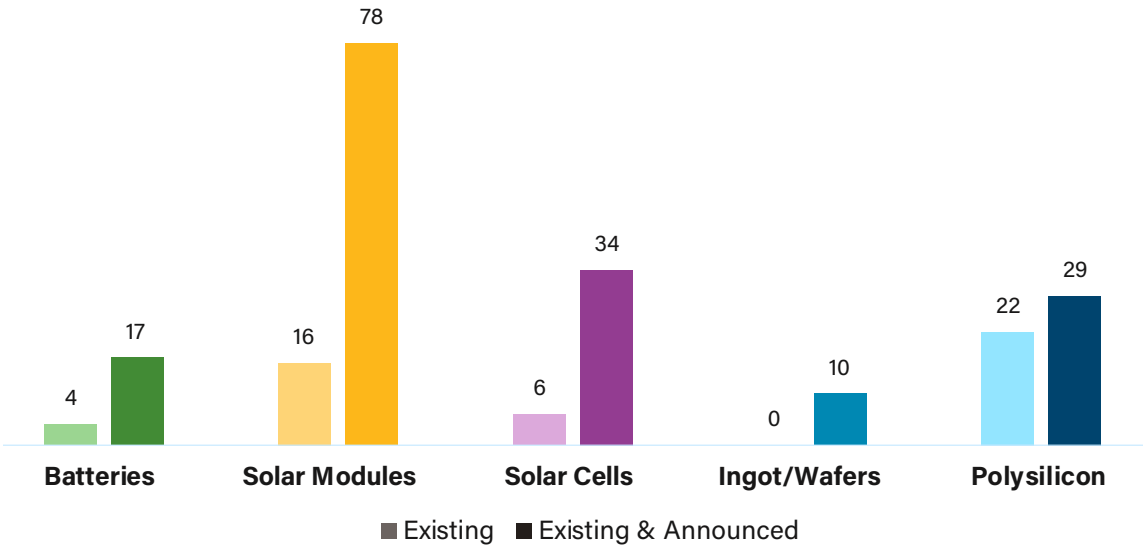
The full suite of energy tax incentives—for **nuclear, solar, wind, hydrogen, storage, carbon capture and sequestration or utilization, and technology-neutral clean electricity**—all serve together to increase domestic energy production.

Reliability: During both average and peak electricity demand, clean energy plays an important role in stabilizing the grid. Forecasting wind and solar availability has become increasingly accurate, so changes in output have become highly predictable in a way that other resources are not. This provides grid operators with enough time to bring other units online during an emergency.

Resilience: Diversifying energy generation improves grid resilience against extreme weather and heat waves. During a heatwave in Texas in June 2023, wind and solar resources often provided 35-40% of total electricity. This kept prices relatively low, **saving consumers over $1 billion** in avoided electricity costs during the heat wave.

The U.S. is now positioned to secure our energy independence
and become a global leader in the buildout of clean energy.

Existing vs Existing & Announced Production Capacity (GW)



Preserve the Full Suite of Clean Energy Tax Incentives

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