

MEMO Published August 14, 2024 • 12 minute read

Four Ways Trump Plans to Raise Energy Costs for American Consumers



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Takeaways

- If he wins a second term, Donald Trump plans to reverse key portions of the Bipartisan Infrastructure Law and the Inflation Reduction Act, including tax credits and grants that are projected to save working families up to \$38 billion in home energy costs by 2030.
- Trump's plans will take away access to critical programs that have helped families pay their bills for decades—like the Low-Income Home Energy Assistance Program (LIHEAP)—and end programs that have long helped families weatherize and retrofit their homes to lower their energy bills.
- Trump won't just make it harder for Americans to pay or proactively lower their current energy bills—he also plans to raise energy costs moving forward. Trump plans to reverse current clean energy policies that are projected to reduce home electricity rates by up to 9 percent by 2030. He also plans to implement massive tariffs that will raise costs on oil and other critical goods.
- Bottom line: a second Trump administration will raise costs for working families, take away vital support for low-income families, and create massive uncertainty in the private sector.

Americans are still facing high costs from lingering post-COVID inflation. But thanks to the Biden Administration's diligent stewardship, the US economy is turning a corner, with the consumer price index (CPI) posting its lowest level in over three years and unemployment hovering near historic lows. Cost pressures are easing and Americans are starting to reap the benefits.

This November, Americans face a choice: vote to protect cost-saving, clean energy initiatives or return to Donald Trump's regressive energy policies that would cost working-class families thousands of dollars each year.

Over the past four years, landmark laws like the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA) have slashed home energy costs for millions of households. These measures have supercharged existing programs that help low- and middle-income Americans weatherize their homes, purchase energy-efficient appliances, and lower their utility bills.

Additional tax credits, grants, and rebates are projected to save American families up to \$38 billion

by 2030 by reducing home electricity rates up to 9 percent. Such savings are vital at a time when 52 percent of Americans voice concerns about paying their bills.

Trump and his allies plan to dismantle these consumer-friendly policies on his first day back in office. The Heritage Foundation, a conservative think tank with close ties to Trump and his former administration officials, has been explicit about their plans to eliminate many cost-cutting energy policies, in favor of giveaways to oil and gas firms. Project 2025—the group’s agenda for a second Trump term—calls for repealing the BIL and IRA. This playbook would strain pocketbooks by eliminating common-sense energy efficiency policies, stripping critical support from low-income households, and killing cost-effective clean energy opportunities.

The bottom line: If Donald Trump returns to the White House, Americans can expect higher home energy costs. Below are four ways his policies would hike electricity bills.

Trump Will Increase Consumer Electricity Costs by Restricting Opportunities for Energy Efficiency

Trump has long opposed energy efficiency programs based on the false claim that such policies limit consumer choice. In reality, energy efficiency initiatives have dramatically expanded consumer options to include a vast array of cost-saving technologies. The Department of Energy (DOE) estimates that the typical American household could waste up to \$4.00 per year—nearly a quarter of their annual electricity costs—due to “drafts, air leaks around openings, and outdated heating and cooling systems.” New and expanded energy efficiency programs could save Americans \$570 billion over thirty years. That’s good for working families and for the climate. The Biden Administration and Congress have leaned in by supporting the following programs:

- **The Weatherization Assistance Program (WAP)** helps approximately thirty-five thousand low-income households protect their homes against the elements each year. For instance, WAP-financed attic insulation for the Tillman family in Athens, Georgia reduced their monthly electric bills from \$210 to less than \$70.
- **The Home Efficiency Rebates Program (HER)** will provide \$4.3 billion in IRA funding so more American households can complete energy-saving retrofits, such as weatherizing their homes and upgrading to high-efficiency HVAC options. These efforts will help homes save at least 20 percent on their energy bills.

- **The Home Efficiency and Appliance Rebates Program (HEAR)** will provide an additional \$4.5 billion to help households purchase savings-generating appliances. For example, high-efficiency dishwashers can reduce energy and water costs by \$129 over the appliance's lifetime.
- **The Energy Efficient Home Improvement Credit (25C)** will provide individuals with up to \$3,200 toward eligible energy efficiency improvements such as insulation, air sealing, and high-efficiency water heaters.

What's at Stake?

These policies make energy efficiency upgrades accessible to working-class families. To put these opportunities in context, a family of four making \$70,000 in Philadelphia could save:

- Up to \$8,000 in weatherization retrofits through HER
- Up to \$8,000 in discounts toward an HVAC air source heat pump through HEAR
- \$2,000 off a heat pump water heater through 25C
- \$840 in discounts for a heat pump clothes dryer and an electric stove through HEAR

A Trump victory in November would undo these initiatives. Project 2025 calls for repealing the BIL and IRA, eliminating energy efficiency standards for appliances, and dissolving the DOE's Office of Energy Efficiency and Renewable Energy. In 2023, Trump-aligned House Republicans also attempted to slash the budget of the DOE's Office of State and Community Energy Programs, which would have prevented the weatherization of over eleven thousand homes.

Trump Will Make It More Difficult for Working Families to Pay Their Energy Bills

Trump claims his policies would lower energy costs for Americans. In reality, they would slash critical support for working families facing higher energy bills while also exacerbating climate change and extreme weather conditions.

On average, American households spend \$138 per month on electricity. That comes out to \$1,656 per year—or around 3 percent of the typical household's disposable income. However, 51 million low-income households spend on average 8 percent of their income on energy costs; for some, this figure is as high as 30 percent. This disproportionate energy burden can lead working-class families to make difficult decisions over whether to pay for energy, food, medicine, or other vital expenses.

In response, the federal government has long helped the most energy-burdened households pay their utility bills through the Low Income Home Energy Assistance Program (LIHEAP). This Reagan-era initiative helps families making up to 150 percent of the Federal Poverty Guidelines or up to 60 percent of the State Median Income “stay warm in the winter and cool in the summer.” A family of four in Arizona making less than \$55,472 or a similar-sized family in Wisconsin making less than \$65,094 can receive critical home energy assistance thanks to LIHEAP, for example.

What’s at Stake?

Millions of Americans benefit from LIHEAP. In FY 2022, the program provided a total of \$3.4 billion in heating assistance to 5.7 million households in all fifty states and the District of Columbia. It also provided \$541 million in cooling assistance across twenty-four states and \$556 million for weatherization and energy-related home repair across forty-seven states.

Indeed, more than thirty million American households could not afford to pay their energy bills at least once in 2023. For Denise Carey of Greene County, Virginia, LIHEAP has been a “lifesaver.” Disabled and living on a fixed-income, Carey receives cooling assistance from LIHEAP to help pay her bills during the hot summer months. “I really don’t know what I would do without the extra assistance,” she says. “[LIHEAP] was able to make things a little bit easier for me with my budget.”

Despite decades of bipartisan support for LIHEAP, Republicans have recently targeted this program. Trump repeatedly tried to eliminate LIHEAP while in office. More recently, House Republicans attempted to cut the program by roughly 65 percent, jeopardizing the ability of millions of Americans to heat and cool their homes. A second Trump term would imperil LIHEAP once again.

Trump’s Reckless Tariffs Will Benefit the Ultrarich and Harm Most Americans

Trump has long claimed that trade wars are “good and easy to win.” In reality, his tariff policies while president led to ineffective trade wars, and he has just proposed a far more dangerous scheme: a 10 percent across-the-board tariff and a 60 percent tariff on imports from China. If enacted, this proposal would cost working families \$2,500 each year, causing them to spend \$120 more per year on oil and petroleum products in addition to higher costs for clothing, food, prescription drugs, and other essential goods.

Quippy proposals like a 10 percent tariff can make for catchy soundbites, but Trump’s new proposed tariffs would hurt families and the broader US economy. Current policies favor a more strategic approach, using tariffs to protect key areas including electric vehicles, batteries, and critical minerals in concert with an organized, whole-of-government industrial strategy that includes billions in public spending to crowd in private investment.

What's at Stake?

When president, Trump's failed trade war with China cost Americans dearly. According to Moody's Analytics, the United States lost nearly 300,000 jobs. The Federal Reserve Bank of New York and Columbia University found that the trade war cost U.S. companies at least \$1.7 trillion in lost stock value. Now experts estimate that inflation would rise by 2.5 percent in 2025 as a result of Trump's new tariff proposal.

Recently, Trump has even proposed using tariff revenue to eliminate the nation's progressive income tax system altogether. In this scenario, the consequences would be even greater still. This two-part policy would hit working-class families the hardest. A household making \$44,000 per year would see an additional tax burden of \$5,900 annually while saving the nation's top 0.1 percent of earners \$1.5 million per year. Economists agree that the goal Trump is trying to achieve with this proposal is "mathematically impossible" and, if implemented, would be wildly regressive.

Trump Will Raise Electric Bills Through His War on Renewables

Clean energy saves consumers money and reduces emissions. Repealing pro-clean energy policies—as Trump is intent on doing—would lead to fewer options and higher electricity costs for working families.

By 2030, the current clean energy policies are projected to reduce home electricity rates by up to 9 percent. In large part, this is because low-cost, clean energy can generate savings, particularly as coal-fired power has become more expensive. Renewable energy nonprofit RMI notes that coal "often imposes a cost burden on electricity customers that exceeds the cost of newer and cleaner sources of power." In Texas, wind and solar saved residents nearly \$28 billion between 2010 and 2022. In Florida, federal solar policies led to residents receiving a \$56 million refund on their electric rates in 2023. In Oregon, Pacific Power customers have seen their rates fall by more than 5 percent on average in large part thanks to the IRA's support for wind and solar power.

Wide-scale adoption of electric vehicles (EVs) also contributes to significant reductions in electric rates. Intuitively, going electric eliminates fuel costs for EV owners, but research also shows that EV adoption has produced positive, knock-on effects across society. Since 2013, U.S. EV drivers have contributed billions of dollars in new revenue for electric utilities, which have put downward pressure on rates for all customers.

Further, the IRA has created multiple new initiatives for homeowners to directly save on their energy bills. One such opportunity is the Residential Energy Efficient Property credit (25D), which provides a 30 percent tax break for installing clean energy resources such as rooftop solar and

geothermal heating. The uptick in residential solar can both reduce an individual household's utility bills and contribute to system-wide benefits.

What's at Stake?

Under the Trump and Heritage agenda, Americans can expect to see many of these clean energy-associated cost benefits disappear. Trump has said that he would offer tax breaks to coal producers, despite great financial, environmental, and health costs to Americans. Indeed, utilities, analysts, and customers alike agree that “transitioning away from coal is good for ratepayers.” Trump has also indicated a coming “blood bath” for electric vehicles, which would inevitably constrain consumer choice and savings opportunities. Additionally, his orbit of advisors has consistently called to “end the focus on climate change and green subsidies,” which would make money-saving opportunities like residential solar unobtainable for all but the wealthiest Americans.

Conclusion

The Trump agenda threatens to raise costs, increase greenhouse gas emissions, and limit consumer choices.

By rolling back key legislative accomplishments like the Bipartisan Infrastructure Law and the Inflation Reduction Act, a second Trump term would strip away critical support for energy efficiency, renewable energy adoption, and direct financial assistance for low-income households. These policies have lowered electricity bills and expanded access to cost-saving technologies for millions of Americans. And it's badly needed: a quarter of all American households were unable to pay an energy bill in full at least once in 2023. For households making less than \$50,000, that figure reached nearly 40 percent. More than one-in-five households with children kept their homes at unsafe temperatures to save money on energy bills for at least one month in 2023, and roughly half of all Americans are stressed about their utility bills, particularly when juggling other cost pressures such as affording housing and food.

A second Trump administration will place even greater burdens on families already struggling to get by and reverse the progress made in recent years to clean up our energy sector and grow our economy. The costs of another term are simply too high for working families to bear.