

NEWSLETTER *Published November 3, 2024 • 5 minute read*

On the Grid: The Future of American Energy Policy 11/03/24



Mary Sagatlova, Senior Advocacy Advisor

Click [HERE](#) to subscribe to this bi-weekly newsletter.

Welcome to a special edition of *On the Grid*, Third Way's bi-weekly newsletter. With the election only days away, we're looking at what's at stake and diving into the future of US energy policy. Let's dive in!



THE STATE OF AMERICAN ENERGY TODAY

Voters have rightly been focused on immigration and cost-of-living concerns, like housing. But that focus may shift in January, when the next Administration will have to face a range of complex challenges, all of which could impact the energy sector, including the expiration of over \$4 trillion in tax policies by 2025, a \$2 trillion deficit, Russia's ongoing war in Ukraine, growing competition between the US and China, and a ballooning conflict in the Middle East.

Whoever wins on Tuesday has a tough road ahead. But they're inheriting some pretty solid conditions. Here are some fast facts:

- \$500 billion in federal incentives have sparked record-breaking private investment, drawing \$5-\$6 in private dollars for every public dollar.
- The US is leading global crude oil production—producing more than any country, *ever*—and is now the world's largest natural gas producer, contributing a quarter of global supply.
- Since the Inflation Reduction Act, over 1,200 GW of new projects have lined up, nearly doubling previous interconnection requests. Solar, wind, and battery storage represent 95% of these projects.
- Defying global instability, US GDP hit \$27.4 trillion last year. With a 8% growth rate in Q3 this year, the US is solidifying its economic resilience and maintaining a robust trajectory in a shaky global economy.
- Since January 2021, the US has added over 775,000 manufacturing jobs, marking—as BlackRock declared—the rebirth of American manufacturing.
- America's nuclear sector is surging back. Amazon and Google have backed advanced nuclear with investments in X-Energy and Kairos Power. Meanwhile, TerraPower's Wyoming project is well underway, and two shuttered nuclear plants are set to restart as nuclear demand rises.

Crucially, we've been able to achieve a lot of this progress through bipartisan compromise. Energy has, despite the odds, remained an area where consensus across the aisle is possible (see the Energy Act of 2020, the Bipartisan Infrastructure Law, and the CHIPS and Science ACT as recent examples). But can that bipartisanship hold in the next Administration?



THE FUTURE OF AMERICAN ENERGY POLICY

Under almost any other Republican nominee, we could have some adherence to the status quo on energy policy. But Trump isn't any other Republican – while Vice President Harris has campaigned as a centrist and pragmatist, Donald Trump has spent considerable time talking about wind turbines driving whales crazy. It's hard to know exactly what a second Trump term would look like, so for the purposes of this assessment, we're taking Harris and Trump at their word. Let's dive in.



ENERGY STABILITY UNDER A HARRIS ADMINISTRATION

A Harris Administration is poised to make cost-of-living issues and women's reproductive rights the heart of its agenda. Still, the campaign has made clear that VP Harris fully intends to build on the progress made in building and deploying clean energy in the US.

Expect a focus on delivering federal investments at scale—adjusting existing programs and pushing permitting reform to build more transmission and make it easier to cite clean energy projects. It's unlikely we'll see major additional spending – what some on the far left are calling “IRA 2.0” – or any kind of Green New Deal. If elected, Harris will have received a moderate mandate to govern. Her

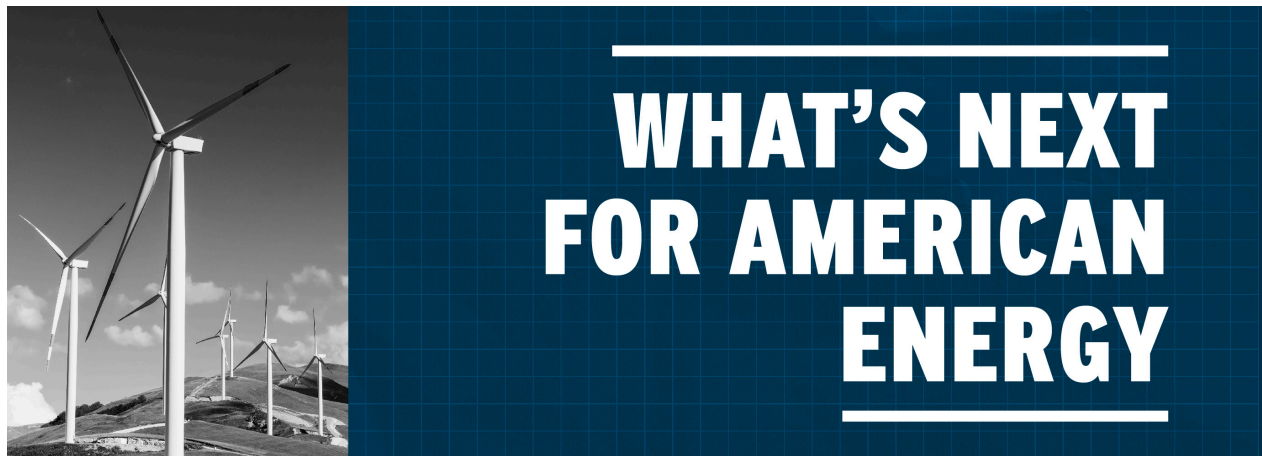
success is contingent on fulfilling that mandate and governing through the center at home and abroad, no matter what the US left suggests.



Despite Trump's vocal opposition to clean energy, there is likely enough Republican support in Congress and at the state level to protect large parts of the Bipartisan Infrastructure Law and Inflation Reduction Act investments. But even then, we expect electric vehicles and charging incentives to be gutted, making it even more difficult for US automakers to compete with Chinese firms.

But Trump has also proposed a 10%-20% global tariff, which would drive inflation, raising prices across the board. Gas prices in the Midwest, for instance, could spike 60-80 cents per gallon due to tariffs on Canadian-refined fuel. Meanwhile, Trump ally Elon Musk is calling for a \$2 trillion slash in federal spending, cutting a third of the federal budget and gutting discretionary programs—a staggering idea even Musk admits would harm the economy.

What does all this mean? In short: chaos. This isn't 2016, and there won't be establishment figures like Rex Tillerson and Generals Kelly or Mattis to hold the line. For an energy sector that depends on stability, Trump's erratic approach poses a massive risk.



Either candidate faces serious challenges in the energy landscape come January. There's turmoil at home and abroad and Americans are deeply aware of high costs and anything that risks raising energy prices. They'd also both inherit a prosperous economy, roaring energy production, and a growing manufacturing sector, so they're starting with strong conditions.

Though they'd face similar challenges, Trump and Harris would have profoundly different presidencies. We strive for bipartisanship in all things, but we won't sugarcoat this one: a second Trump administration would be disastrous for US global competitiveness, stability and affordability in our energy markets, and progress to fight climate change.

Whatever happens next week, we'll continue to push for a cleaner, more resilient, and more affordable energy sector. We won't shy away from calling out bad ideas from either side of the political spectrum. But as we stare down the barrel of another existential election, it's clear that only Vice President Harris is equipped to weather the storms of the next four years.

We won't know what's next for at least the next week—but we know where we want to go, and we trust Kamala Harris to get us there.