



Energy

Summary and Key Points

Policy Proposals

1. End ineffective regulations that increase the cost of energy while doing little to improve air quality or reduce pollution.
2. Eliminate government subsidies for all commercial energy resources and technologies.
3. Curb government energy efficiency mandates that override consumer preferences.
4. Reform permitting to make it easier to build all types of energy sources, including nuclear plants, a proven source of safe and clean energy.

Quick Facts

1. America is the world's number one producer of petroleum, natural gas, and nuclear energy.
2. Federal energy subsidies cost \$183 billion from FY 2016 to FY 2022, with about \$84 billion going to renewable energy.
3. The U.S. generates about 18 percent of its electricity from 94 nuclear power reactors, representing 45 percent of America's emissions-free electricity.¹

What to Say About Energy

- Affordable, reliable energy is essential for heating homes, running businesses, and powering daily life. Families should be free to choose the energy sources that best meet their needs and budgets.
- When the government restricts energy choices, costs rise, reliability falls, and families feel the consequences first.
- Government regulations often drive energy prices higher without delivering meaningful environmental benefits.
- Washington should stop picking winners and losers by favoring certain energy technologies over others. Energy subsidies distort markets and force taxpayers to finance projects they may not want or use.
- Expanding domestic energy production strengthens national security and reduces dependence on foreign suppliers. Slow and outdated permitting rules make it harder to build energy infrastructure America urgently needs.

The Issue

Energy is essential to nearly every product and service that Americans use and to every activity in which they engage. Energy heats homes and meals, runs schools and hospitals, powers businesses that create jobs, fuels vehicles, and is used to create products ranging from cosmetics to athletic equipment, from pharmaceuticals to paints to pipelines. Affordable, reliable energy is vital to national well-being and Americans should enjoy it unapologetically.

Perhaps because energy is so intertwined with the economy, politicians routinely meddle in energy markets to the benefit of preferred interests. Big government approaches to energy policy aim to centrally plan, actively manage, and pre-condition energy choices to serve political agendas. Unnecessarily burdensome laws and regulations have driven up energy costs, reduced those choices, and opened the door to cronyism.

Subsidies through the tax code, grants, guaranteed market share, loans and loan guarantees, and government-funded research and development have become popular ways to implement energy policy. This approach has wasted billions of taxpayer dollars, shifted to taxpayers what should be funded by the private sector, and distorted private-sector investments. Politicians, bureaucrats, and companies with effective lobbying arms not infrequently also use the regulatory process to block access to some resources and technologies or hedge out competitors.

While subsidies may appear to benefit the recipients, advantages are short term at best. When government insulates certain technologies or certain companies from the prospect of failure or competition, it removes healthy market forces that drive creativity and solutions in the long term. Government subsidies also create barriers to entry for innovative, unsubsidized energy companies that must compete for customers against companies backed by the government and U.S. taxpayers. Further, although government experts might appear to know how best to plan energy use for the future, they are often wrong, slow to adapt, and incapable of complete knowledge of a dynamic global sector. Indeed, almost no one anticipated the oil and gas boom in America created by hydraulic fracturing, which has fundamentally transformed global energy markets.

Relying on the private sector's ability to innovate to meet America's diverse energy needs is a far better approach. Fuel- and technology-neutral competitive markets allow prices to communicate accurate information to producers and customers about the value and cost of energy. This allows the endless creativity of people to anticipate and meet customer energy needs and preferences. Ultimately, competition to meet consumer preference in energy services gives American families and businesses, rather than bureaucrats, lobbyists, and politicians, the power to make decisions on their own behalf. Congress should focus on reducing ineffective and economically harmful regulations, opening access to resource development, and eliminating subsidies for all energy resources.

Recommendations

Stop the regulation of greenhouse gases. The Obama Administration implemented a suite of executive orders and regulations under the Clean Air Act that have unnecessarily driven up energy prices and eliminated choices, while having no meaningful climate impact. President Donald Trump rightly directed agencies to reconsider and withdraw some of these rules.² However, lasting leadership and change must come from Congress. Congress should prohibit the federal government from regulating greenhouse gas emissions and clarify that the Clean Air Act was never intended to regulate greenhouse gases.

End the use of “social cost of carbon” in government cost-benefit analyses. Federal agencies perform cost-benefit analyses for a wide range of regulatory and permitting decisions. Under the Obama Administration, agencies began to incorporate a “social cost of carbon” in these analyses to assess the alleged social costs

of an activity emitting CO₂. The statistical models upon which the federal government relied offer significantly different results when using a variety of justifiable inputs; as a consequence, values are essentially arbitrary and are not credible tools for policymaking. Although President Donald Trump has ended the use of “social cost of carbon” by federal agencies, this action was done by executive order, which a future President could reverse with his own executive order. Congress should prevent any agency from using regulatory analysis metrics with the “social cost of carbon,” as well as the “social cost” of other greenhouse gas emissions in any cost-benefit analysis or environmental review. These deceptively precise, yet utterly meaningless, numbers undermine the entire point of submitting regulations to a rigorous economic review.

Eliminate subsidies for all commercial energy resources and technologies. The One Big Beautiful Bill Act immediately repealed many green energy subsidies, but it phases out others and even strengthened some, like the clean fuel production credit and carbon dioxide sequestration credit. Congress should repeal tax credits for all energy technologies. Relatedly, Congress should eliminate Department of Energy (DOE) subsidized research and development for commercializing energy technologies. It is neither appropriate for taxpayers nor a necessary role of the federal government to fund or conduct such research. Furthermore, Congress should prohibit any further taxpayer-backed loans to private companies and eliminate the DOE’s loan-guarantee program.

Reform offshore energy leasing. America keeps the vast majority of its territorial waters off-limits to energy production, but that has not always been the case. Congress should open America’s coasts for offshore oil, gas, wind, and other energy resource exploration and development. It should eliminate the Department of the Interior’s (DOI’s) five-year leasing plans and authorize the DOI to conduct lease sales, if interest for development exists, while considering the interests of states that would be affected most by that development. Such a reform would allow the safe development of energy off America’s coasts and replace the lengthy and unnecessary planning process for a system that is more responsive both to price changes and to the needs and interests of states. Bidding on the leases would not be exclusive to energy companies but open to all parties, including those interested in environmental preservation rather than resource development. Reform should also include transferring environmental review and permitting process to the states, along with at least 50 percent of the revenues generated by onshore oil and natural gas production on federal lands.

Eliminate government energy efficiency mandates. Federal efficiency mandates, rebate programs, and spending initiatives too often assume either that all Americans use energy the same way, or that the government knows best how Americans should use energy. Congress should affirm the ability and freedom of Americans and businesses to make decisions that best meet their needs by eliminating all mandatory efficiency regulations and subsidies for vehicles, appliances, and buildings. At a minimum, mandates should be restructured as voluntary standards under which businesses and consumers can choose their level of participation.

Overhaul nuclear energy regulation consistent with President Trump’s March 2025 executive orders on nuclear energy. The regulatory system that licenses and permits nuclear reactors failed to keep up with technological innovations and overregulates existing nuclear technologies. Instead of addressing underlying government-imposed problems, policymakers have focused on mitigating the cost of those policies through subsidies, leading to a predictable path of failure. While such an approach may spur some commercial activity, that commercial activity is limited to what is subsidized. Nuclear plants in America today continue to exhibit superior safety performance. Policy and regulations should reflect that track record. Congress should instill regulatory discipline at the Nuclear Regulatory Commission (NRC), direct the Environmental Protection Agency (EPA) to right-size radiation-exposure standards, authorize states to take on a larger role for overseeing commercial nuclear activities, drastically reduce barriers to commercial nuclear trade between the United States and Canada, Japan, South Korea, and the United Kingdom, and protect the ban on Russian uranium fuel imports.

Complete the review of Yucca Mountain and introduce market forces into nuclear waste management. Congress has failed either to change current law or appropriate the funds necessary for the NRC to review the DOE’s permit for a nuclear waste repository at Yucca Mountain. This unnecessary limbo has been

costly to taxpayers and has created problematic uncertainty for the current and future nuclear industry. Congress should provide enough funding to complete the license review to allow contentions to be adjudicated, and all the information should be brought together for Congress, the State of Nevada, and the nuclear industry to make prudent decisions about next steps. Ultimately, Congress must introduce market forces in nuclear waste management for it to be a successful, dynamic part of the fuel cycle and nuclear industry. Nuclear waste management should be primarily a business activity, not an inherently governmental activity.

Encourage choice in electricity markets. Competitive electricity markets have served customers well. Some states have accomplished the transition from monopolies to competition more successfully than others, and additional free-market reforms are necessary to spur more entrepreneurial activity in electricity markets. However, when the underlying structure of competition is sound, the benefits to energy consumers are unambiguously positive. Competition in electricity services allows greater customer choice through the power of the consumers' own dollars rather than through the disconnected votes of a small panel of public utility commissioners. Consumer choice comes not only in the form of resource choice (renewables, conventional fuels, or a mix) but also in the form of financial choices (such as fixed rates, risk preferences, indexed rates, or short-term or long-term contracts).

In the end, because electricity providers have to work for their customers, prices are competitive and quality improves. States should fix anti-competitive energy policies like renewable energy mandates, which have wreaked havoc in the electricity sector, by putting politics and special interests over customers. Similarly, the Federal Energy Regulatory Commission should work vigorously to uphold fuel- and technology-neutral competition in electricity markets.

Repeal the Renewable Fuel Standard. To address the mounting economic and environmental inefficiencies of the Renewable Fuel Standard (RFS), Congress should repeal this outdated mandate, which artificially inflates food and energy prices while straining domestic refining infrastructure. While a full legislative repeal is the necessary long-term solution to eliminate the RFS, the EPA should immediately use its post-2022 authority to implement a downward glide path for mandated volumes.³

Facts and Figures

FACT: Energy subsidies waste taxpayer money, influence the private sector to pursue politically preferred energy projects, and actively prevent innovative energy technologies from thriving in the market.

- Federal energy subsidies cost \$183 billion from FY 2016 to FY 2022, according to the Energy Information Administration. Renewable energy subsidies accounted for 46 percent of the total, more than any other energy source.
- Energy companies do not need government incentives. With American consumers spending more than \$1 trillion annually on energy,⁴ any innovative technology or company that could capture even a tiny sliver of this market would be enormously successful.
- There is no such thing as a perfect energy resource or technology. All have tradeoffs and benefits that should be weighed by investors and customers rather than politicians and bureaucrats. Subsidies muddle this rational decision-making process.

FACT: Eighty percent of energy consumed by American families and businesses came from coal, oil, and natural gas.⁵

- At the beginning of the 21st century, proven world oil reserves stood at 1,087 billion barrels⁶; at the end of 2024, they were up to about 1,567 billion barrels.⁷ Despite constant cries that the world is running out of oil, innovative technologies have allowed increased discoveries around the world. There is no shortage of energy sources, and attempts to limit access to energy only hurt Americans.

- The U.S. has an abundance of natural resources and is the world's number one producer of petroleum and natural gas. Since 2010, U.S. exports of crude oil and petroleum products have more than quadrupled.⁸ America also has nearly 500 years' worth of coal beneath its soil at current consumption rates.⁹ While predicting future supply or demand is impossible, new resources are inevitably discovered and developed as demand shifts if markets are allowed to work. Thus, rather than manipulating energy supply and demand through regulations, mandates, and subsidies, policy should ensure that energy markets are allowed to work as smoothly and freely as possible.

FACT: Competition has been good for the nuclear industry; however, the industry is over-regulated and faces significant government-induced risk.

- The U.S. generates 18 percent of its electricity from 94 nuclear power reactors. In 2024, nuclear energy generated 782 million megawatt-hours of electricity. This power is reliable, safe, and free of air pollutants. Many states recognize nuclear energy for its helpful role in greenhouse gas emission mandates, and nuclear energy produces more than 45 percent of America's emissions-free electricity.¹⁰
- Since 2013, 12 nuclear reactors have closed (though some are reopening),¹¹ in most cases before their operating licenses expired. This is due to a variety of reasons, some legitimate (like competing low natural gas prices) and others a result of government interference (unnecessarily high regulatory costs on the nuclear industry and subsidies for competitors).
- However, market pressure also has been good for the nuclear industry. A Nuclear Energy Institute initiative to find industry-wide operating efficiencies reduced costs by 19 percent, resulting in \$1.6 billion in savings.¹²
- The federal government's inability to collect nuclear waste as stipulated by the law has cost taxpayers \$7.4 billion in legal damages. Today, the federal government remains liable for more than 96,000 tons of commercial nuclear waste. A 2024 audit report concluded that DOE liability for its failure to collect nuclear waste could reach \$44.5 billion.

FACT: Renewable energy technologies supply a growing share of electricity; however, government intervention hides costs and harms competitiveness.

- Wind and solar farms are responsible for almost 3 percent of America's energy consumption.¹³ An additional 1 percent comes from hydroelectric power, less than 1 percent from geothermal sources, and 5 percent from biomass.
- Energy subsidies create harmful dependence on taxpayers, and boom-and-bust cycles based on political calendars rather than actual customer demand. Other government interventions like monopoly-run electricity markets and federal tariffs have rewarded failing companies at the expense of others, blocked access to customers, and prevented American companies from using competitive components to provide the best, most affordable service.
- Wind and solar energy impose hidden costs on other power plants, especially in states that mandate renewable energy use. Consistently reliable plants—usually coal, natural gas, or nuclear—must be available as backup power and consequently must run inefficiently to accommodate wind and solar farms. According to a study by the Institute for Energy Research, this imposes hidden additional costs of at least \$21 per megawatt-hour for solar energy, and \$24 per megawatt-hour for wind energy.¹⁴

Resources

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