THE INFLATION REDUCTION ACT (IRA)
ONE YEAR LATER:
A REPORT CARD BY EPW RANKING MEMBER
SHELLEY MOORE CAPITO

The IRA gives $50 billion to agencies in the Committee's jurisdiction to go on a reckless spending spree.

CLAIM: President Biden has called the IRA the “most aggressive action ever...in confronting the climate crisis,” and the EPA claims the $27 billion “Green Bank” slush fund will help meet the Paris Agreement goal of reducing carbon emissions 50 percent below 2005 levels by 2030. (See EPA Press Release, 7/14/2023)

FACT: The Administration has not broken down whether and how each IRA program is anticipated to reduce emissions. Instead, only general claims about the effects of the law as a whole have been presented. (See Department of Energy IRA Emissions Analysis and Methodological App'x, 8/2022)

Example IRA Programs
- Greenhouse Gas Reduction Fund: $27 bil
- Climate Pollution Reduction Grants: $5 bil
- Environmental and Climate Justice Block Grants: $3 bil
- ...and many others

$41.5 bil in funding for the Environmental Protection Agency (EPA) alone through the IRA!

The IRA harms the economy, wastes taxpayer money.

The EPA's IRA climate funds are at increased risk for waste, fraud, and abuse. (See EPA Office of Inspector General Congressional testimony, 3/29/2023)

The EPA's recent proposal to require the power sector to adopt unproven, costly technologies, which the agency tries to justify through reliance on tax subsidies in the IRA, "could place the reliability of the electric grid in jeopardy." (See ISO-RTO comments re: Clean Power Plan 2.0, 8/8/23)
In trying to justify recent regulatory proposals like the Clean Power Plan 2.0, the EPA presumes the IRA tax credits will lead to widespread deployment of carbon capture, utilization, and sequestration (CCUS), hydrogen, and other technologies without delay. That does not line up with top Biden officials' statements.

**John Podesta, White House Senior Advisor:** "Right now, the permitting process for clean energy infrastructure, including transmission, is plagued by delays and bottlenecks..." (5/10/2023)

**“John Kerry, Special Presidential Envoy for Climate:** "If you’re able to abate the emissions, capture it... But we don’t have that at-scale yet... It might not work." (AP, 5/17/2023)

**New Biden regulations, on top of the IRA, will destroy the reliability and affordability of our electricity.**

The IRA imperils the continued availability of a reliable electricity supply.

The EPA’s modeling projects that electricity generated from coal and gas will plummet because of the IRA, yet the EPA does not account for likely increases in electricity demand from electric vehicles, building electrification, and appliances. The Energy Information Administration (EIA) has projected rising energy demand through 2050.

(Slides at right: EPA Presentation, 2/15/2023; slide below: EIA Annual Energy Outlook, 3/16/2023)

Yet despite projected growing demand and decreasing supply of baseload power, the EPA continues with its aggressive plans to shut down even more baseload power plants through a series of new regulations.

(See Hearing Opening Statement by EPW Ranking Member, 4/26/2023)
CASE IN POINT: Under IRA Section 60201's $3 billion Environmental and Climate Justice Block Grants Program, the law requires funding to go to "community-based nonprofit organizations," including to help them block or slow down projects.

84 percent of EPA's IRA funding has to be out the door by the end of September 2026.

To meet the IRA's deadline, the EPA could spend all of its $27 billion in Green Bank funding over the next 13 months; the EPA did not issue any grants for the program in the first year.

The pace of this [EPA IRA] spending when conducted by newly created programs and received by new recipients, significantly increases the vulnerability of all parties to fraud and creates the potential for errors or inefficiencies in execution.

-EPA Inspector General, 3/29/2023

And now Democrats want a sequel.

Senator Bernie Sanders wasn’t joking when he said Democrats see the IRA as “a modest step forward.”

“If we get a seat or two more in the Senate, which I think we will, take back the House, keep the presidency — even though we passed the IRA, you ain't going to see nothing yet. We’re going to do even bigger and better things.”

- Senator Chuck Schumer


Democrats plan to push for an IRA 2.0 with an even greater scope, which could lead to trillions more in wasteful spending if they're in charge again.