



## **Update: Budgetary Cost of Climate and energy provisions in the Inflation Reduction Act**

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<https://budgetmodel.wharton.upenn.edu/estimates/2023/4/27/update-cost-climate-and-energy-inflation-reduction-act>

The 2022 Inflation Reduction Act (IRA) contained a range of climate and energy provisions that PWBM previously estimated\* to cost \$384.9 billion over 10 years (FY2022 – 2031). Since that estimate, newer implementation details have emerged, and the fiscal year calendar has moved to start at FY2023. Our updated estimate for over 10 years (FY2023 – 2032) for just the climate and energy provisions is now \$1,045 billion. Table 1 decomposes these costs by specific area of climate and energy provisions.

In preparing these updated estimates, PWBM consulted with private sector experts to understand the likely growth in utilization by climate and energy provision. We are especially grateful to the energy team at Goldman Sachs who helped break down each area and further aided our efforts to produce a budget score against the pre-IRA baseline. See Table 1 footnote for references.

\* <https://budgetmodel.wharton.upenn.edu/issues/2022/8/12/senate-passed-inflation-reduction-act>

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**Table 1: 10-Year Budget Estimate of Climate and Energy Provisions in the 2022 Inflation Reduction Act**  
*Billions of Dollars, Change from Current-Law Baseline*

<b>Provision</b>	<b>Description</b>	<b>Budget Change (2023 - 2032)</b>
Clean electricity/energy	Solar generation, onshore wind generation, offshore wind investment, battery storage investment	-263
Clean hydrogen	Green & blue hydrogen	-49
CCUS	CO2 captured	-23
Advanced Manufacturing	Solar, wind, and battery plants	-183
Clean vehicles	Electric vehicles (EV & PHEV), medium trucks, heavy trucks, and buses	-393
Biofuels	Biodiesel/RD, SAF	-43
Energy efficiency	Heat pumps, commercial buildings footage with energy efficiency improvement, residential homes investment in energy efficiency improvements	-28
Agriculture, forestry	Grants, loans and projects	-3
Energy grants, loans	Grants, loans and projects	-37
Air pollution	Grants, loans and projects	-22
<b>Total</b>		<b>-1,045</b>

This table was prepared with the help of energy experts at Goldman Sachs based on their report, Della Vigna, Michele; Bocharnikova, Yulia; Lee, Brian; Mehta, Neil; Singer, Brian; Chinello, Enrico, et al. (2023). “Carbonomics: The Third American Energy Revolution.” Goldman Sachs. PWBM thanks Michele Della Vigna and Brian Singer for additional calculations and detailed discussions.