

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

**ROLLBACK OF WIND AND SOLAR SUBSIDIES**

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APRIL 2026

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**TOPLINE:** The One Big Beautiful Bill (OB BB) cuts \$190 billion in electricity subsidies for unreliable solar and wind projects.

**BACKGROUND:** The [Inflation Reduction Act](#) (IRA) created the “Clean Electricity Investment Tax Credit” (ITC) and “Clean Electricity Production Tax Credit” (PTC). The Clean Electricity ITC subsidizes investments related to electricity-generating facilities with no greenhouse gas emissions and energy storage technologies. The Clean Electricity PTC subsidizes electricity production with no greenhouse gas emissions for a facility’s first 10 years. Under the IRA, the subsidies would start to phase out in 2033 or when greenhouse gas emissions from the electricity sector fell to 25% of 2022 emissions, whichever comes later (likely extending the subsidies well beyond 2033).

**What OB BB Does:**

- [Eliminates](#) the subsidies for wind and solar projects unless they start construction by July 4, 2026, or are placed in service by December 31, 2027.
- [Denies](#) the subsidy to projects that rely on significant amounts of Chinese inputs.

**Why It Matters?**

- The reliability of the electric grid depends on energy production that is reliable enough to consistently meet energy demand.
- Subsidies drive overinvestment in intermittent wind and solar and short-duration batteries. In 2026, renewables and batteries had been projected to make up about [99%](#) of the planned net change in capacity, contributing to grid unreliability.
- Rolling back these subsidies will reduce the deficit by an estimated [\\$190 billion](#) over 10 years, according to the JCT.
- The U.S. should not follow Germany and the United Kingdom, where the green energy transition has resulted in electricity prices that are about [twice](#) as high as those in the U.S.

**Where Can I Find the Changes?** OB BB Section [70512-70513](#); 26 U.S.C. § [45Y](#), [48E](#).

**BOTTOMLINE:** Renewables should compete on a level playing field with natural gas, coal, and other energy sources. Subsidizing unreliable energy at the expense of reliable sources weakens competition, hurts taxpayers, and threatens the grid in the long run. While immediate repeal is ideal, Congress took a huge positive step in restricting these electricity subsidies in OB BB.

