

Inflation Reduction Act of 2022

Impact of the 2024 Election on the U.S. Energy and Infrastructure Sector

The Inflation Reduction Act of 2022 (IRA) is one of the most significant legislative victories of the Biden administration, fostering renewable energy and reducing greenhouse gas emissions. It has become a discussion point during the 2024 federal election campaigns. As of this writing, the presidential election is a head-to-head race. What would the impact on the IRA be of a Republican victory in the White House, a Republican sweep in Congress or a divided Congress?

Reach out to your Hogan Lovells contacts to discuss the impact of the 2024 election on your business.



2024 U.S. Elections: Three scenarios

Scenario	Repeal of IRA	Amendments to IRA
1 Republicans win the presidency and control Congress	Unlikely The Republican margin of control of Congress is likely to be slim and certain provisions in the IRA, due to their benefits to Republican districts and states, are likely to be supported by at least a small group of Republicans.	Likely In the event of either scenario 1 or 2, using the 'budget reconciliation' process would allow Republicans to pass legislation in both houses with simple majorities rather than the 60 votes required in the Senate for legislation outside the budget reconciliation process. There will be pressure to cut benefits under the IRA to use them as revenue offsets to extend the tax credits under the 2017 Tax Cut and Jobs Act. Likely amendments include: <ul style="list-style-type: none"> ■ Repeal or reductions in vulnerable incentives, such as EV credits, clean electricity ITC and PTC; and ■ Stricter provisions concerning Chinese/Russian involvement and increased focus on domestic manufacturing.
2 Republicans win the presidency and Congress is divided	Unlikely If Democrats control one house, repeal is highly unlikely.	
3 Democrats win the presidency regardless of Congress control	Unlikely Neither repeal nor extensive changes to the IRA are likely.	Expansion possible If Democrats control Congress (an unlikely outcome), tax credits and incentives under the IRA would likely be extended and expanded.

Executive action

A President without same-party control of Congress will focus on utilizing executive authority to achieve policy goals. If Trump wins the presidency, regardless of the Congressional outcome, he will likely take executive action to impact the IRA and related policy goals, directly or indirectly, through one or more of the following:

Appointment of a Republican Chairman of the FERC.	Lifting of the LNG export pause initiated by the Biden administration.	Increasing prerequisites for eligibility of renewable/clean energy projects for IRA benefits, particularly for the EV and OSW sector.	Extension of review processes for renewable/clean energy projects and related permits and leases, re-examining eligibility or pausing loans or other incentives.	Impose new tariffs and trade barriers to limit the use of Chinese goods and materials in energy projects.	Tighten rules for eligibility, including limiting Chinese/Russia content.
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