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Trump wants to kill subsidies for EVs, renewables

By: Maxine Joselow & Christa Marshall

White House economic adviser Larry Kudlow said yesterday that the White House wants to end subsidies for electric vehicles and other items, including renewable energy.

"As a matter of our policy, we want to end all of those subsidies," Kudlow told reporters, according to Reuters. "And by the way, other subsidies that were imposed during the Obama administration, we are ending, whether it's for renewables and so forth."

Currently, buyers of EVs can receive a federal tax credit of up to \$7,500. The credit begins to phase out after a U.S. automaker has sold 200,000 eligible vehicles.

Ending the tax credit would require an act of Congress. Kudlow didn't provide details on how the White House would accomplish this goal, and experts doubt that it could be achieved through an executive order. Kudlow's remarks came in response to a question about General Motors Co.'s planned cuts. The automaker announced last week that it plans to close five U.S. factories and lay off 14,000 workers in North America.

His comments marked an escalation of President Trump's tweet last week, in which the president threatened to cut GM's subsidies, including for EVs (E&E News PM, Nov. 27).

When asked about a timeline, Kudlow said EV subsidies would end "in the near future," likely around 2020 or 2021.

Dan Becker, executive director of the Safe Climate Campaign, said Kudlow's comments showed a blatant disregard for the power vested in Congress.

"I think it would require an act of Congress to end [the EV tax credit]," Becker said. "It would also require an act of Congress to renew it."

He added, "My own sense is that they have such contempt for government that they just don't care how it actually works. They will run roughshod over everything just by fiat, even if someone says, 'Excuse me, you can't do that.'"

'Backfire'

Democratic Rep. Tim Ryan, whose district in Ohio will be affected by the closure of a GM factory, sent a letter to Trump yesterday urging him not to attack subsidies for electric cars.

"You recently suggested cutting federal subsidies for electric vehicles in an effort to punish GM, but that is not the solution and may, in fact, backfire," Ryan wrote. "I am committed to working with you and my colleagues in Congress to craft and implement a cohesive national manufacturing policy, one that makes our economy actually work for American workers."

But Tom Pyle, president of the American Energy Alliance, commended the White House for seeking to end the EV tax credit. Conservative groups frequently argue that the incentive primarily benefits the wealthiest Americans.

"Mr. Kudlow and President Trump are both right in wanting to end subsidies for electric vehicles and renewables," Pyle said in an email.

"The lavish EV tax credit only benefits car manufacturers and wealthy individuals who purchase EVs at the expense of all taxpayers," he said. "We look forward to working with the administration to explore ways this can be done with and without Congress."

Tesla Inc. has already hit the 200,000-vehicle cap for the tax credit, and GM remains close. That means consumers interested in purchasing a Tesla or GM EV may be left without the credit in 2020.

Several lawmakers have proposed legislation aimed at extending the credit and lifting the cap. Sen.-elect Jacky Rosen (D-Nev.), for instance, is backing legislation that would extend the incentive until 2029 and let consumers claim it sooner (Greenwire, Nov. 1).

Wind and solar

Kudlow did not elaborate on which renewable subsidies he was referring to, but the chief tax credits in place for wind and solar also would require an act of Congress to undo. The White House did not respond to a request for comment.

Abigail Ross Hopper, president of the Solar Energy Industries Association, said it's unclear what is being proposed and for when.

"There is strong bipartisan support for the solar credits. We'll wait to hear more specifics, but the ITC has created hundreds of thousands of jobs and tens of billions of dollars in economic activity," Hopper said.

Gil Jenkins, vice president of communications for the American Council on Renewable Energy, said the administration should examine permanent tax incentives for fossil fuels if it is looking to "level the playing field."

In 2015, Congress passed a five-year extension of the production tax credit (PTC) for onshore wind and the investment tax credit (ITC) for solar, offshore wind and other technologies. For solar, tax credits are slated to taper to 10 percent by 2022 and phase out for wind by 2020.

The executive branch does have sway over renewable policy through trade policy and budget requests that set a baseline for negotiations with Congress. In January, Trump slapped a 30 percent tariff on imported solar cells and modules.

A document leaked to E&E News this year suggested that the Trump administration planned to propose steep cuts in fiscal 2020 for renewable and advanced transportation programs at the Department of Energy.

Trump has been critical of wind power on several occasions, saying in an August speech that turbines "kill so many birds." The wind industry says other fuels pose a much greater threat to wildlife (E&E News PM, Aug. 20). At the same event, Trump asked, "Who wants to have energy where you need subsidy?"

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