THIRD WAY

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Trump's Energy Agenda = Higher Prices for Americans

***Maya Gibbs**, Policy Advisor for Deployment*

President Donald Trump took office in January with a promise to start "slashing energy and electricity prices by half within 12 months." We are 100 days into the second Trump Administration, and it's clear that, while President Trump may have *intended* to cut energy prices, his policies do just the opposite. The US Energy Information Administration (EIA) now forecasts that average residential electricity prices will reach a 10-year high by 2026, a direct result of policies that prioritize protectionism and political optics over economic reality.

Energy policy should empower consumers, deliver affordable energy options, and strengthen America's energy independence. Instead, short-sighted political stunts from the Trump Administration, made with little regard for their economic impact, are already beginning to squeeze household budgets, weaken US energy independence, and stifle innovation. These moves carry real financial consequences. Households are already feeling the pinch as energy costs rise, and businesses face growing volatility in the absence of a clear and forward-looking energy policy. While the United States remains the leading producer of crude oil and the largest exporter of liquefied natural gas (LNG), true American energy dominance requires leading across all sectors of the energy economy. This requires continued investment in a diverse mix of home-grown energy sources that shield Americans from global shocks and price spikes. The fossil fuel-focused agenda from Trump's second term not only threatens the immense progress made in US leadership in clean energy innovation but equally harms energy sectors the President claims to favor.

Rather than empowering American consumers and strengthening the nation's competitive edge, the administration's approach is steering the country toward higher energy prices and greater vulnerability. Below, we outline some of the ways the Trump administration is raising electricity prices for everyday Americans.

Tariffs

Trump's planned tariffs have wide-ranging implications for America's economy and are poised to hike costs on everything from groceries to home goods. The energy sector is no exception: recent tariffs on imported products like aluminum and steel rack up hefty bills for developers, utilities, and, by extension, customers.

Immediate Impacts

While the implementation of Trump's erratic tariff strategy is constantly fluctuating, it is not merely the chaos and uncertainty that is leading to economic pain. Midwestern states that import a portion of their energy from Canada will feel the immediate impact of the 10% tariffs through rising energy prices on their utility bills. Tariffs on Mexico will raise costs and impact access to essential electrical components. For states like Texas that rely on transformer imports to fortify their power grid resilience, households could incur increased energy costs of $290 annually. The harmful impact tariffs can have on the energy sector is illustrated by one prominent example from the first Trump Administration. The recently energized Cardinal-Hickory Creek transmission line between Wisconsin and Iowa saw project costs increase by $300 million due to higher steel prices from Trump's 2018 tariffs. Projects in various stages of development now will be similarly affected by reported tariffs from Trump's second term, and the price increases on energy projects will show up in the form of higher utility bills for households across the country.

Long-Term Consequences

For those energy projects that rely on imported materials, the rising costs of building strong and resilient infrastructure will ultimately be passed on to American consumers. Tariffs targeting clean energy components increase the cost and timeline for new generation facilities and grid modernization projects, delaying deployment of renewables that reduce electricity prices by displacing more expensive coal and gas plants. The impact of these trade policies is equally damaging to the fossil fuel sector as the cost for new drilling projects increases, illustrating that simply promising to 'drill baby drill' on the campaign trail doesn't magically result in more energy or lower costs–especially when the policies issued now that Trump is in the White House have the exact opposite effect on oil and gas production.

Regulatory Uncertainty

Regulatory uncertainty from the first 100 Days of the Trump Administration is putting cheap electricity generation at risk. Uncertainty not only jeopardizes billions of dollars in investments, but delays construction and stalls deployment of new energy sources, it forces communities to rely on aging infrastructure, driving up energy costs for Americans.

Immediate Impacts

The impacts of this instability are already being felt across the country, making it challenging for developers to plan, finance, and build projects with confidence. At a time when electricity demand is rising, the Trump Administration is arbitrarily pausing permits for essential energy projects and restricting access to affordable energy resources. The deliberate choice to place energy funding and projects in limbo only functions to raise electricity prices for Americans. In places like Cuyahoga County, Ohio, solar projects that depend on competitive federal grants have come to a standstill while executive orders discontinued the distribution of essential funding, further delaying deployment.

Long-Term Consequences

This volatility at the federal level also undermines long-term planning of energy infrastructure projects, and the costs of these future delays will be borne by everyday Americans. The Trump Administration's decision to slash over 40% of Department of Energy (DOE) staff who support innovation and deployment programs slows down permitting for new energy projects, delays grid infrastructure upgrades, and stalls technological innovation. Though many of these staffing cuts may not be immediately visible, their ripple effects will be felt for years. The ramifications of this will make our complex energy ecosystem less reliable, vulnerable to extreme weather, and more expensive to maintain. The 60% workforce reduction at the Loan Programs Office (LPO), in particular, greatly risks stalling energy projects vital to increasing energy production and strengthening US competitiveness. LPO plays a critical role in financing large-scale, capital-intensive energy generation projects that are too risky for private lenders to back on their own. Without LPO support, many of the technologies needed to expand electricity generation won't get built. The chaos caused by frozen funds, staffing cuts, and project pauses only serves to impede the deployment of projects that deliver low-cost energy to consumers across the country. We have already seen the impact of this unpredictable regulatory environment that the Trump Administration has created, with clean energy projects being subject to downsizing or facing outright cancellation.

Targeting Essential Energy Programs

The Department of Energy (DOE) has become a central target of the Trump Administration. Proposals to cut $19.3 billion from DOE's budget, along with orders to halt other critical energy programs, makes our energy system less efficient and more expensive, raising electricity costs for American families.

Immediate Impact

By cancelling grants for energy efficiency upgrades for low-income housing, President Trump and the Department of Government Efficiency (DOGE) are stripping away key opportunities to lower energy bills. At DOE alone, $77 billion in federal funding is currently frozen by the Trump Administration, targeting offices that sustain vital energy efficiency programs like the Weatherization Assistance Program, which saves families an average of $372 per year. Many states have already had to pause or delay the launch of their own home energy rebate programs–estimated to cumulatively save households up to $1 billion each year–due to the initial funding freeze earlier this year and the uncertainty created by the Trump Administration. Furthermore, the abrupt elimination of the funding and staff for the Low Income Home Energy Assistance Program (LIHEAP) at the Department of Health and Human Services leaves many households without assistance in the face of skyrocketing utility bills. Without the staff to distribute funding, families across the country lose access to an essential resource that helps lower heating and cooling costs and prevent utility shutoffs, especially in hotter summer months. LIHEAP is important to the health and safety of many Americans, serving over 6 million households nationwide.

Long-Term Consequences

Severe cuts to Department of Energy programs that modernize the grid, boost efficiency, and set appliance standards will have lasting, compounding consequences. Programs housed across DOE focused on grid modernization, appliance efficiency standards, and weatherization are specifically designed to deliver long-term cost savings by making our energy use smarter and more efficient. Stripping the resources from these programs and initiatives not only stalls innovation but locks in higher utility bills for consumers as well. Furthermore, gutting demonstration projects within the Office of Clean Energy Demonstrations means that technologies that could reduce consumption and cut costs for consumers may never reach the market. Terminating clean energy demonstration projects will cause the US to miss out on economic opportunities associated with strong domestic industries, leaving us dependent on foreign supply chains and the associated price volatility. The Trump Administration's refusal to preserve DOE investments focused on turning innovative ideas into commercially viable solutions only binds American consumers to higher costs in the long run.

Potential IRA Repeal: Exacerbating the Affordability Crisis

The targeted policies within the Inflation Reduction Act (IRA) work to keep energy reliable and affordable for American households. Following President Trump's unlawful endeavors to freeze funding from the IRA, many Republicans are now targeting the IRA's energy tax credits in the reconciliation process. Despite warnings from his own party regarding the IRA's economic value to constituents throughout the country, President Trump remains committed to dismantling these accomplishments. If successful, this rollback will significantly raise energy costs for American households and businesses.

Recent reports from Energy Innovation reveal that IRA repeal would raise total household energy expenses by $32 billion over the next decade. Additional modeling from Rodium Group details a $184 annual increase in energy costs by 2030, inflating to as much as $371 by 2035.

Conclusion

The Trump Administration's actions do not align with his campaign promises to lower prices for the American consumer. At every turn, he has actively utilized the executive powers at his disposal to drive up electricity costs for American families and businesses, something that many households are already experiencing. It's time for President Trump to put the needs of the electorate before the special interests of the fossil fuel industry and better align his policies with increasing energy affordability and reliability for all.