

## HOW PROJECT 2025 COULD AFFECT MICHIGAN

Federal clean energy policies enacted over the past four years, including the Infrastructure Investment and Jobs Act (IIJA), CHIPS and Science Act (CHIPS), and Inflation Reduction Act (IRA) are transforming America's economy. The IRA has generated over [\\$350 billion in new private investment](#) and created more than [334,000 new jobs](#) as of August 2024. Prior [modeling by Energy Innovation](#) showed that just a few key tax credits included in the IRA could increase national GDP up to \$200 billion and create up to 1.3 million jobs by 2030.

Since the IRA's passage in August 2022, nearly \$26.6 billion [in clean energy investments](#) and more than 21,700 new jobs have been announced in Michigan as of August 2024. But looking ahead, new or modified federal policy could starkly impact these outcomes.

Energy Innovation used our free and open-source [Energy Policy Simulator](#) to analyze potential impacts on state-level economic growth, jobs<sup>1</sup>, public health, and greenhouse gas (GHG) emissions in Michigan under a current policies scenario compared to a Project 2025 scenario. This analysis brings nonpartisan research and quantitative grounding to a rhetorical environment so all Americans – businesses, families, and policymakers – can come to their own conclusions about the climate and energy futures on the table.

This modeling finds the Project 2025 scenario, in contrast to a current policies scenario, would increase annual energy costs by more than \$220 per household for Michiganders in 2030 and nearly \$360 in 2035. It would also emit nearly 14 million metric tons (MMT) of carbon dioxide (CO<sub>2</sub>) in 2030 and nearly 38 MMT more than the base case in 2035 – equivalent to the emissions from four and ten coal-fired power plants in one year, respectively.

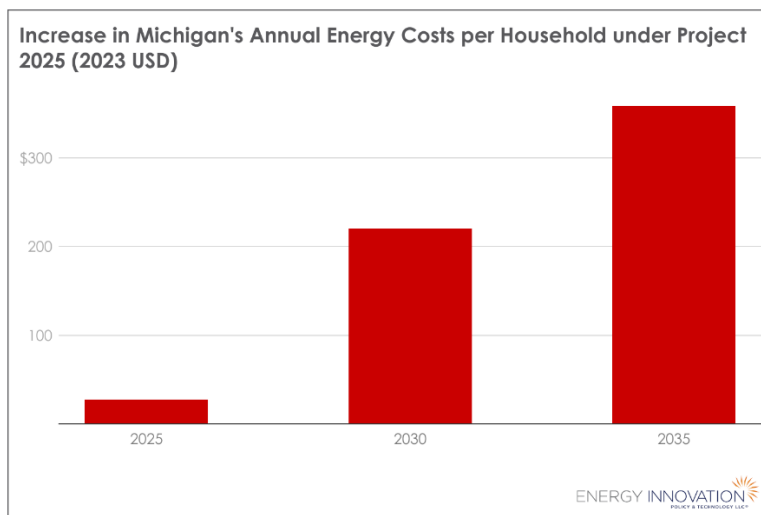
### **Project 2025 Would Increase Energy Bills and Reduce Job Growth in Michigan**

Under the Current Policies scenario, federal clean energy tax credits and standards increase clean energy deployment and electric vehicle sales in Michigan. But under the Project 2025 scenario, households would experience a net increase in energy costs with less low-cost clean energy deployed, increasing electricity bills, while fewer zero-emission vehicles on the road increases consumer spending on gasoline. In this scenario, average annual household energy costs (including electricity and fuel expenses) increase by more than \$220 per year in 2030 and nearly \$360 in 2035 across all households in Michigan. Reduced clean energy deployment decreases Michigan's GDP by \$5.09 billion in 2030 and \$8.67 billion in 2035 relative to the current policies scenario.

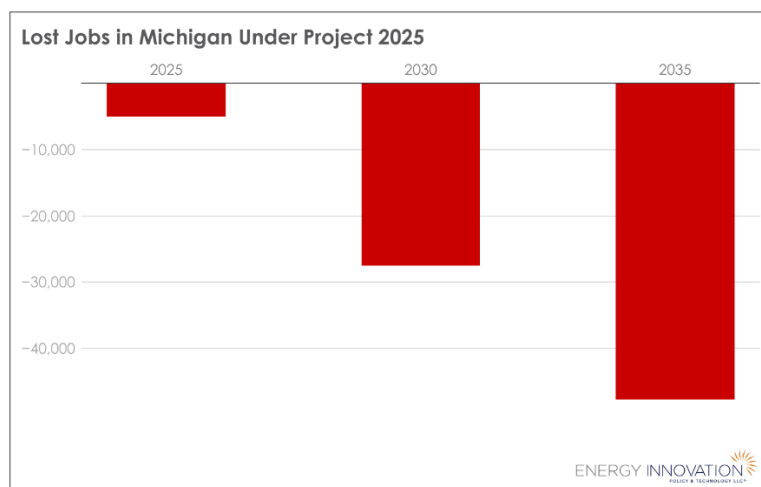
These effects are after declines in fossil fuel prices that result from increased U.S. oil and gas production, meaning lower fossil fuel prices are more than offset by higher electricity costs and gasoline use in the Project 2025 scenario.

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<sup>1</sup> A job year defined as one year of work for one person, for instance a new construction job that lasts five years is equal to five job-years. This is a more accurate measure than "job" because one job may last for five months or five years.



Under the Project 2025 scenario, Michigan loses out on job creation in industries like manufacturing and construction due to lower investment and less demand for clean energy technology. As a result of lower investment and higher energy bills, Project 2025 would result in a loss of nearly 27,500 jobs in 2030 and nearly 47,700 jobs in 2035.



These economic results are consistent with [analysis](#) from financial services company Moody's, which found increased inflation and weakened economic growth could threaten a recession as soon as mid-2025.

### Methodology

The Current Policies scenario includes the IRA, IIJA, and CHIPS as well as finalized rules from the U.S. Environmental Protection Agency – oil and gas methane standards; tailpipe CO<sub>2</sub> standards for light-, medium-, and heavy-duty vehicles; and power plant CO<sub>2</sub> standards. State-level Current Policy scenarios include estimated downscaled impacts of federal rules and standards as well as key state climate and clean energy policies. The Current Policies scenario also includes major existing state climate policies including clean electricity standards, Advanced Clean Cars I and II, Advanced Clean Trucks, clean electricity standards, zero-emission vehicle incentives, and carbon pricing schemes. The Project 2025 scenario applies energy and climate provisions of that plan to individual states.

For more information on how we modeled Project 2025, [see Appendix B](#) in our report *The Second Half of the Decisive Decade*. Documentation on the state-level modeling methodology can be found on [Energy Innovation's website](#).