# The IRA Interrupted: What Survived the One Big Beautiful Bill and What Didn't

Topic: Navigating the Green Transition: Macroeconomic Impacts, Policy Discontinuity, and the Financing of Industrial Decarbonization
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Reduction Act, 2022). Unlike earlier policy frameworks, the IRA combined long-duration incentives with explicit objectives related to domestic content and supply-chain resilience. As a result, clean energy investment in the United States accelerated sharply after mid-2022, particularly in utility-scale renewable electricity, battery manufacturing, and associated industrial facilities (Rhodium Group & MIT CEEPR, 2024).

Evidence from facility-level data shows that this policy-driven investment surge translated into substantial real capital spending on construction and equipment installation between 2022 and 2025. Clean investment became a major contributor to overall private investment growth, reinforcing activity in construction, capital goods manufacturing, and energy-related sectors. Importantly, this expansion was geographically uneven, reflecting differences in regional industrial structures, existing energy infrastructure, and access to complementary inputs such as skilled labor and transport networks (Rhodium Group & MIT CEEPR, 2024).

This momentum was abruptly disrupted in 2025 following the adoption of the One Big Beautiful Bill Act (OBBBA), which curtailed, restricted, or eliminated several key IRA tax credits (One Big Beautiful Bill Act, 2025). The new legislation shortened eligibility windows, tightened domestic content and foreign-entity-of-concern requirements, and eliminated some high-profile incentives, notably those related to residential clean energy and electric vehicles. As a result, a substantial pipeline of announced but not yet executed clean energy projects was placed at risk of cancellation, particularly in renewable electricity, battery manufacturing, solar-related activities, and clean hydrogen. Nuclear power emerged as a notable exception, as its production and investment tax credits remained largely intact under the new policy framework (King et al., 2025).

This abrupt policy reversal highlights the importance of distinguishing between clean investment that was realized and investment that was announced but ultimately not executed. It also raises
broader economic questions about the cost of policy discontinuity in an environment of intense global competition for clean energy capital (Bown & Clausing, 2023). While other major economiesâ€”most notably China and, to a lesser extent, the European Unionâ€”have continued to consolidate their industrial and technological positions, the U.S. policy shift risks undermining recently established regional clean energy hubs and weakening the countryâ€™s longer-term position in clean energy manufacturing and deployment.

This paper extends our previous work on the IRA (omitted to maintain anonymity) to present a two-stage, ex post counterfactual assessment of the IRA using a static, multi-regional computable general equilibrium (CGE) model of the U.S. economy (TERM-USA) with 11 regions, defined according to the main U.S. electricity grid regions. The analysis explicitly distinguishes between clean investment that was executed and clean investment that was announced but not executed, allowing for a transparent assessment of the economic cost of policy discontinuity.

In the first step, we quantify the realized economic impact of IRA-induced clean investment implemented between the third quarter of 2022 (the IRAâ€™s entry into force) and the third quarter of 2025. Investment shocks are calibrated using facility-level data from the Clean Investment Monitor, which records actual spending on construction and equipment installation in clean energy manufacturing, utility-scale electricity generation, and industrial facilities (Rhodium Group & MIT CEEPR, 2024, 2025). These investment flows represent the actual capital formation that occurred after the IRAâ€™s enactment and provide the empirical basis for the ex post analysis.

In the second step, we construct a counterfactual no-cancellation scenario based on the same data source, using the volume of outstanding investmentâ€”announced but not yet spent as of

September 2025â€”to estimate the additional economic impact that would have materialized had the IRA investment pipeline continued. This counterfactual does not rely on speculative projections or alternative financing assumptions; instead, it reflects investment commitments with identified technologies, locations, and estimated capital costs that were plausibly on track prior to policy reversal.

The simulations are conducted within a CGE framework that captures inter-industry linkages, regional production structures, and trade flows across U.S. regions. A key contribution of the paper is the explicit disaggregation of the utilities sector into renewable electricity, fossil-based electricity, gas distribution, and water distribution. This refinement is essential for capturing the heterogeneous economic effects of clean versus conventional energy investment and their downstream impacts on energy-intensive industries.

The difference between the