


# The Impact of Federal Energy and Climate Policy Shifts on County Goals

Update

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# Fairfax County Climate Goals

## Community-wide (CECAP)

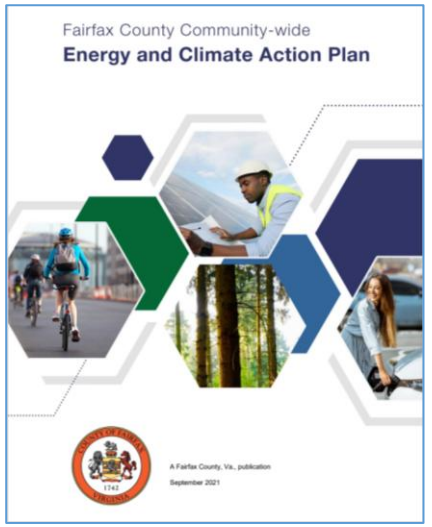
- Carbon neutrality by 2050
- 75% reduction in carbon emissions by 2040
- 50% reduction in carbon emissions by 2030

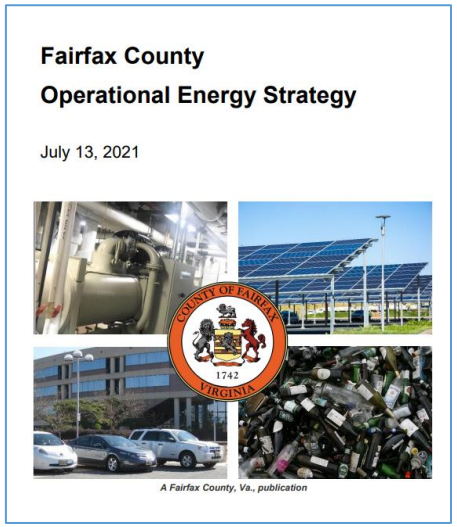
## County Operations (OES)

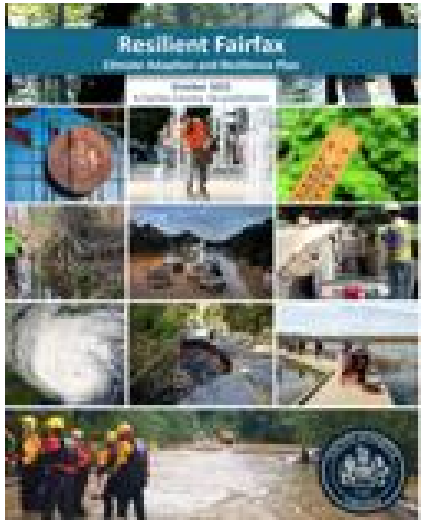
- Carbon neutrality (from energy) by 2040
- 50% reduction in carbon emissions by 2030

## Resilient Fairfax

- Integrated Action Planning
- Climate Ready Communities
- Resilient Infrastructure and Buildings
- Adaptive Environments



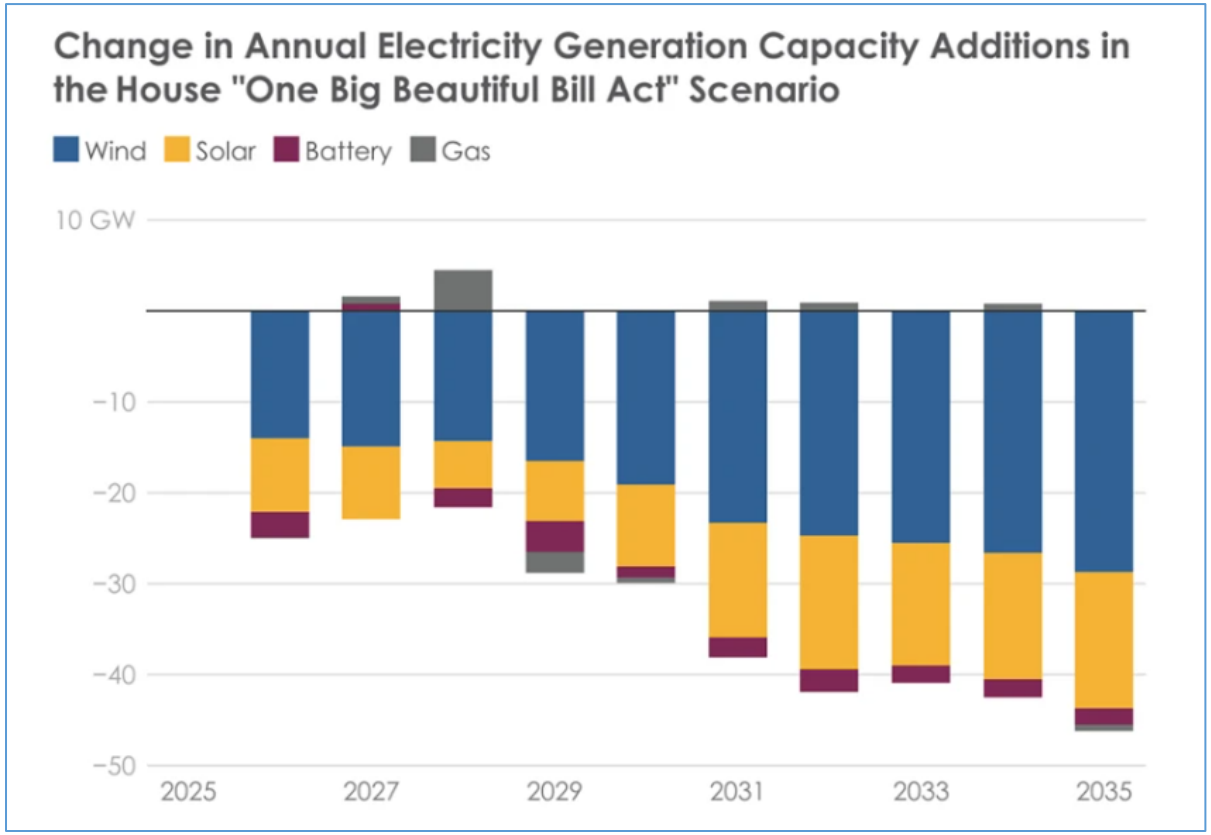



# H.R.1, Wide-ranging Change in Energy Investment Landscape

This qualitative overview summarizes the effects of HR 1 and other Federal policy shifts on Fairfax County's pursuit of climate neutrality in both government operations and across the community.

HR1 also affects federal support for the less fortunate, with sharp cutbacks in the Low-Income Home Energy Assistance Program (LIHEAP) and related cooling assistance programs vital to resilience.

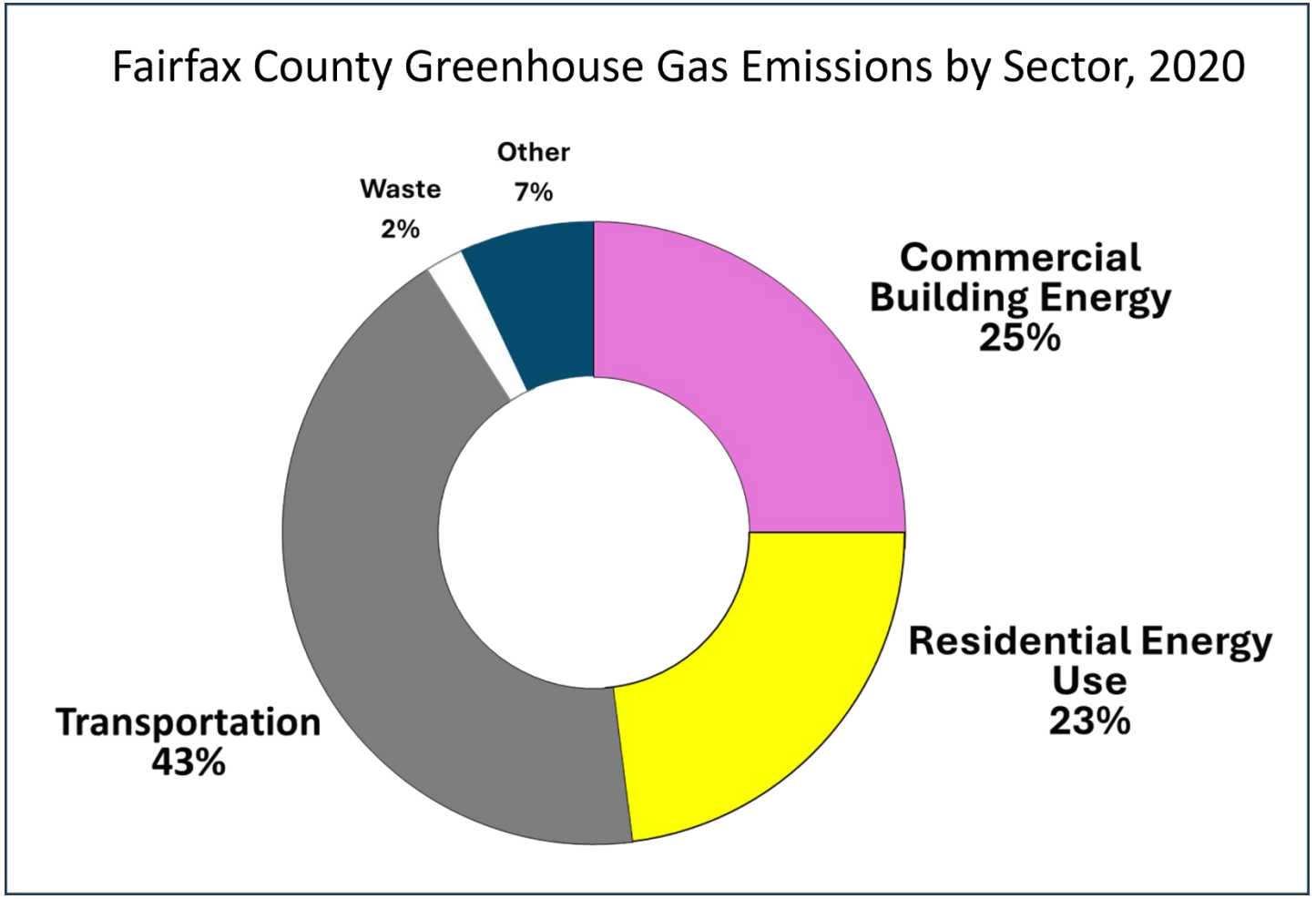



Analysis of impact of HR1 on electric generation capacity by non-partisan energy think tank Energy Innovations, appeared in Governing magazine.

# Meeting Fairfax County Climate Goals

For carbon reduction we focus on the “big three” strategies:

- Energy efficiency in buildings
- Renewable energy for electricity
- Electrification of vehicles and buildings



# Impact on Energy Efficiency

## Community

- IRA created Energy Efficient Home Improvement Tax Credits for home energy audits, new windows and doors, high efficiency equipment upgrades. ***HR1 ends credit December 31, 2025***

- IRA created state-administered home energy rebate programs; VA Dept of Energy received $94 million for deep efficiency retrofit rebates focusing on low- and moderate households, plus $94 million for home electrification and appliance rebates. ***Program has not launched in wake of Presidential executive orders and funding freezes.***

- OEEC received “conditional approval” of its U.S. DOE EECBG formula grant on January 19, 2025. Some funds were to be used for community energy efficiency programs, including the Energy Compass program Fairfax is launching. ***No funding received yet***

# Impact on Energy Efficiency *(continued)*

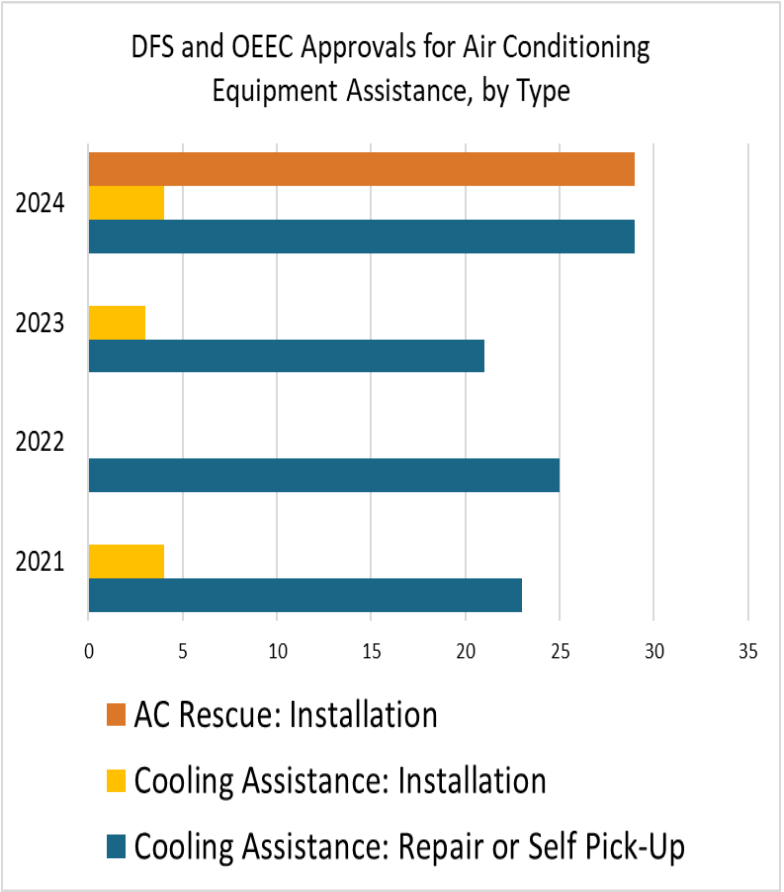
## County Operations

- IRA created HUD Green and Resilient Retrofit Fund. FCRHA was considering but had not yet accessed fund. ***HR1 canceled program***

## Resilience

- Long-standing ***Low-Income Home Energy Assistance Program (LIHEAP) is eliminated***
  - Ends vital cooling assistance to needy residents (~$900,000/yr)
  - Ends program that helps ~1500 households in Fairfax keep electric and gas accounts from being turned off each year

    The County's new AC Rescue program provides air conditioning installations for those who don't qualify for federal cooling assistance; the future gap will be huge.



# Impact on Renewable Energy

## Community

- IRA extended full Investment Tax Credits (ITCs, and Production Tax Credits, PTCs) for large commercial solar and wind projects out to 2032. The long lead time provides certainty aiding these investments.
  ***HR1 requires construction to begin by July 4, 2026***
  The end of ITCs and PTCs is a blow to utility-scale projects and will increase customer costs for renewable electricity and power production generally.



- IRA extended 30% income tax credits for homeowners for solar, wind, geothermal, or battery technologies through 2032. ***HR1 ends the residential tax credit December 31, 2025.***
  OEEC worked closely with our Solar Switch and Solarize group-purchasing partners to promote the new expiration to maximize the limited opportunity.

# Impact on Renewable Energy *(continued)*

## Community *(continued)*

- In August, the Administration canceled unspent Solar for All funds authorized to all 50 states. Virginia loses $156 million for solar projects to serve low- and moderate-income households; about 15,000 households statewide would have been served.

## County Operations

- The ITC expiration hurts the cost-effectiveness of solar power purchase agreements (PPAs), by increasing the price of power from vendors who build systems and sell the power to the customers (such as the county).

  The seven PPA projects in our queue remain viable, but future projects are at risk.

- The IRA introduced a 'direct pay' option for non-taxed entities. Fairfax applied for $2.5 million from the IRS from past renewable energy projects and electric vehicle purchases. ***This direct pay provision is subject to the same early expiration of tax credits affecting private sector***

# Impact on Electric Vehicles

## Community

- IRA extended longstanding electric vehicle tax credits (up to $7,500 per vehicle) for individuals through 2032. ***HR1 ends the EV tax credit for individuals on September 30, 2025.***

- IRA authorized alternative fuel vehicle refueling tax credits for individuals and businesses through 2033, at up to $1,000 per individual and up to $100,000 for businesses. ***HR1 ends this June 30, 2026.***

- Beyond tax incentives, the Administration's posture toward electric vehicles has contributed to manufacturers slowing plans to expand their production or retreating from commitments.



# Impact on Electric Vehicles *(continued)*

## County Operations

- Manufacturers backpedaling on plans to introduce a wider range of vehicles, which substantially clouds the county's fleet transition plans. Today's forecast of EV availability for a broad range of vehicles serving county needs is much less robust than 5 years ago.

- County's $2.5 million Federal Highway Admin CFI grant (Charging and Fueling infrastructure) through MWCOG remains intact, Phase I is 15% of total ($380,000). The full $2.5 million could support up to 25 EV charging sites and over 150 plugs on county property for public use.

# County Response

- Quantitative assessment of progress, costs, and likelihood of achieving our goals for discussion in 2026.
- County to continue programming responding to consumer needs, such as new Energy Compass program
- Greater reliance on local leadership, and local and regional partnerships for program success
- Continued updates to climate dashboards to show progress, lessons learned, and stressing importance of resilience work













