

House budget bill means higher energy bills and fewer options for Tennessee families

New analysis shows nearly half of all Tennessee households — over 550,000 homes — could save more than \$2,000 per year with upgrades made affordable by energy tax credits targeted for elimination

Tennessee households already face a tough energy reality. While electricity rates are among the nation's lowest, outdated homes and weak efficiency standards make Tennessee one of the highest energy-consuming states in the country. Working-class families feel it most — many spend nearly a third of their income just keeping the lights on. And with power outages becoming more frequent and longer-lasting, reliability is faltering just as energy bills rise.

That's why the **Energy Efficient Home Improvement Credit (25C)** and **Residential Clean Energy Credit (25D)** have been so important. These federal tax credits help households afford energy-saving improvements like insulation, air sealing, high-efficiency heat pumps, rooftop solar, and battery storage. The result? Lower energy bills, more comfortable homes, less strain on the grid, and more local jobs in HVAC, insulation, contracting, and electrical work — good-paying jobs that can't be automated or offshored.

These programs aren't partisan. Created by a Republican-led Congress and extended under President Trump, 25C and 25D have delivered real results for nearly 20 years. Eliminating them now, as proposed by Congress, would raise costs, stall progress, and take away affordable upgrade options for Tennessee families. These credits help cut energy use and reduce grid strain — especially during summer peaks — just when the state needs it most.

And for homeowners like Robin Graham, the benefits are real:

“Thanks to the federal 25C Energy Efficient Home Improvement Tax Credit, we were able to afford to install high-efficiency windows that were manufactured in the Midwest and installed by Tennessee’s very own Magnolia Windows and Doors. Not only has our home become more comfortable, but our energy bills have also dropped. Just as important, our purchase supported a local business and kept dollars circulating in the state.”

How 25C & 25D directly benefits Tennessee households

Cost savings: Rewiring America [analysis](#) shows that 25C-incentivized technologies can reduce energy bills by 42 percent, saving the average single-family homeowner \$1,070 per year while 25D-incentivized technology like rooftop solar can save them another \$1,050.

UPTAKE

In 2023, more than **37,320** Tennessee families [used](#) Energy Efficient Home Improvement Credit (25C) and saved an average of **\$902** on their taxes.

In 2023, more than **9,740** Tennessee families [used](#) the Residential Clean Energy Credit (25D) to save an average of **\$3,110** on their taxes.

IMPACT

Job creation: The more than 45,000 Tennessee households that used 25C and/or 25D [generated](#) \$473 million in economic activity and supported 1,745 jobs in the state.

Business support: Over 1,100 energy-efficiency contractors [signed](#) a letter supporting 25C — including 28 in Tennessee. 25C has also given large manufacturers the confidence to invest in Tennessee, including A. O. Smith, Carrier, Holcim, and Trane.

WHAT'S AT RISK

Households miss out

There are approximately 551,000 households, nearly half of all homes in the state, that rely on delivered fuels — like propane — and inefficient electric resistance. These households would particularly benefit from 25C and 25D-incentivized technologies, saving up to \$2,710 on their annual energy bills.

“These programs are working. Tennesseans are saving money, making their homes more efficient and resilient, and supporting local jobs in the process,” said **Ari Matusiak, founder and CEO of Rewiring America**. “As energy bills continue to rise, and are set to worsen under this bill, Congress shouldn’t pull the plug on what’s delivering real results. We should be working hard to reach more families across the state to realize these savings.”

About Rewiring America:

Rewiring America is the leading electrification nonprofit, focused on electrifying our homes, communities, and businesses. We develop accessible data and tools and build coalitions and partnerships to make going electric easier for households and communities. Rewiring America helps Americans save money, tackle nationwide emissions goals, improve health, and build the next generation of the clean energy workforce.

<https://www.rewiringamerica.org/>