

Stimulating America's Energy Transition: A Bipartisan Opportunity

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Completed as part of the Rockefeller Leadership Fellowship 2025*

The energy transition: a topic that has sparked hope, outrage, and deep political division. As renewable energy systems become increasingly critical in mitigating climate change, pushback has grown fierce across both private and public sectors. Nowhere is this partisanship more visible than at the federal level, where the Biden administration's Inflation Reduction Act stands in stark contrast to Trump's "drill, baby, drill" philosophy. Each new administration seems determined to undo the policies of its predecessor, creating a whiplash effect that disrupts the momentum of the renewable energy industry by diminishing investor confidence, threatening long-term public welfare.

Energy politics weren't always this polarized. The first Industrial Revolution catapulted the United States into an era of economic prosperity and national security, driven by the pursuit of innovation. Today, technology has advanced faster than ever, yet much of our national grid infrastructure remains stuck in the past. With most of the grid built in the 1960s and 1970s, U.S. energy production is struggling to keep up with rising energy demands and emerging technologies.

Renewable technologies are worth investing in for numerous reasons: pollution reduction, energy independence, grid reliability, job creation, and global competitiveness. Many people falsely believe that investment in renewable technologies directly contributes to a decline in legacy technologies. In reality, we need both in the immediate future: infrastructure around fossil fuels is readily available—already built—and it doesn't make financial sense to stop using it. However, given that additional energy infrastructure is required to meet increasing energy demand, it is imperative that cleaner, economically favorable, renewable technologies lead the way.

What is the government's expected role in relation to the energy transition? Although energy is considered a public good due to its crucial role in most daily activities, over 80% of energy infrastructure companies are privately owned. However, this contradiction makes sense in the context of Western neoliberalism. While classical economic theory favors free market forces unfettered by government influence, most economists acknowledge the need for government intervention in special cases when markets fail to deliver public goods at an affordable price. Consequently, the U.S. government plays a major role in regulating the energy industry to ensure its availability while mitigating the harmful environmental effects of burning fossil fuels. For example, a Harvard study concluded that the public health cost of air and water pollution is roughly \$74.6 billion annually, not to mention the rising costs of natural disaster relief.

Efforts by the federal government to address environmental concerns go back decades, beginning with the establishment of the Environmental Protection Agency (EPA) by President Richard Nixon in 1970. Until recently, the executive branch has continued efforts to promote and incentivize renewable energy sources. However, within an increasingly polarized political landscape, future instances of bipartisan collaboration are becoming more unlikely.

So, what can legislators on both sides of the aisle agree on? A key theme that continues to garner bipartisan support is efficiency. The Energy Star Program, launched in 1992, exemplifies this approach. This government-backed initiative identifies energy-efficient consumer products and capital goods, empowering consumers and businesses alike to make informed decisions. The program has generated \$230 in private investment for every federal dollar spent—an extraordinary return compared to the IRA's 5:1 ratio. While Energy Star lacks the depth to meaningfully transform energy markets, it demonstrates how policies focused on improving resource efficiency can attract significant private investment.

Despite being politically contentious amongst many on the right, renewable energy systems actually align with many traditionally conservative values. For example, distributed energy sources like wind and solar shift power production to the local level, reducing strain on the regional grid and granting states greater control over their energy resources. Expanding domestic energy production through renewables also reduces reliance on foreign oil, improving national security—one of the primary justifications political conservatives often use to defend the domestic oil industry.

Rather than treating renewable energy as a partisan weapon, a strategy that discourages any significant long-term private investment, the issue ought to be reconsidered as a valuable opportunity. A report by the International Energy Agency (IEA) indicates that investment in clean energy manufacturing drives economic growth and creates new job opportunities. While China currently dominates in solar energy manufacturing, the potential for increased capacity in the United States for battery production underscores the need for industrial policies that promote global competitiveness.

Political parties, along with private companies, universities, and NGOs, must rally behind an American energy transition. If the United States hopes to lead the world in this modern industrial era, it cannot afford to let ideological divides stall progress. A collaborative, interdisciplinary approach and a shift in messaging that breaks the Washington gridlock will be key to securing a resilient and prosperous energy future. We must work not only across the aisle, but across sectors and disciplines such as economics, engineering, and environmental science. Such coordinated action would help restore investor confidence in the future of clean energy and reaffirm the nation's commitment to forward-thinking innovation.

***Authors' Note:** This piece was written by Dartmouth students Nathan McAllister (Mechanical Engineering), Sophia Hall (Economics), and Megan Hagge (Environmental Studies). By combining our expertise across disciplines, we explored the economic, technological, and environmental aspects of the energy transition. Our work was guided by Eric Hines, Director of Offshore Wind at Tufts University, with research assistance from Sara McKenna and support from the Rockefeller Leadership Fellows (RLF) through the Rockefeller Center at Dartmouth College. Additionally, our discussions with policy professionals Lukas Kauth, Arthur Haubensstock, Joseph Hezir, Janelle DiLuccia, and Robin Hwang during our visit to Washington, D.C., provided valuable insights that shaped our analysis.*