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119TH CONGRESS
2D SESSION

S. 4175

To amend the Internal Revenue Code of 1986 to extend the clean electricity production credit and the clean electricity investment credit based on increases in the price of, and demand for, electricity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 24, 2026

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to extend the clean electricity production credit and the clean electricity investment credit based on increases in the price of, and demand for, electricity, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF CLEAN ENERGY PRODUCTION, INVESTMENT, AND RESIDENTIAL CREDITS BASED ON PRICE AND DEMAND INCREASES.

(a) PRODUCTION CREDIT.—Section 45Y(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by striking ''Subject to paragraph (4), the amount'' and inserting ''The amount'',

(2) by striking paragraph (3) and inserting the following new paragraph:

''(3) APPLICABLE YEAR.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'applicable year' means the later of—

''(i) the calendar year that is 6 years subsequent to any price or demand increase year (as determined under subparagraph (B)), or

''(ii) 2032.

''(B) PRICE OR DEMAND INCREASE YEAR.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'price or demand increase year' means a calendar year in which, as reported in the Electric Power Annual (or any similar report) published by the Energy Information Administration—

''(I) the national average price of electricity provided by the total elec-

tric industry to ultimate customers in all sectors is more than 2 percent higher than in the most recent previous calendar year for which such data is available, or

''(II) the total annual sales of electricity provided by the total electric industry to ultimate customers in all sectors (measured in megawatt-hours) is greater than in the most recent previous year for which such data is available.

''(ii) DETERMINATION.—For purposes of determining whether any year qualifies as a price or demand increase year, the Secretary shall make such determination—

''(I) with respect to calendar year 2025, before January 1, 2027, and

''(II) with respect to any subsequent calendar year, before January 1 of the first calendar year beginning after the date on which the Electric Power Annual (or any similar report) is published with respect to such year.

"(iii) APPLICATION AFTER INITIAL PHASE-OUT OF CREDIT.—In the case of a determination by the Secretary that a year qualifies as a price or demand increase year, if such determination is made during a year in which the phase-out percentage is applicable under paragraph (2)—

"(I) the applicable year shall be deemed to be the calendar year that is 6 years subsequent to such price or demand increase year, and

"(II) during the 6-year period subsequent to such price or demand increase year, the phase-out percentage shall be deemed to be 100 percent.", and

(3) by striking paragraph (4).

(b) INVESTMENT CREDIT.—Section 48E(e) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by striking "Subject to paragraph (4), the amount" and inserting "The amount", and

(2) by striking paragraph (4).

(c) ENERGY EFFICIENT HOME IMPROVEMENT CREDIT.—Section 25C(i) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''This section'' and inserting the following:

''(1) IN GENERAL.—Subject to paragraph (2), this section'', and

(2) by adding at the end the following new paragraph:

''(2) RENEWED APPLICATION OF CREDIT FOLLOWING PRICE OR DEMAND INCREASE YEARS.—In the case of any calendar year that, pursuant to section 45Y(d)(3), is determined by the Secretary to qualify as a price or demand increase year (as defined under such section), paragraph (1) shall not apply with respect to property placed in service during the period of the first 2 calendar years beginning after the date that such determination was made by the Secretary.''.

(d) RESIDENTIAL CLEAN ENERGY CREDIT.—Section 25D(h) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''The credit'' and inserting the following:

''(1) IN GENERAL.—Subject to paragraph (2), the credit'', and

(2) by adding at the end the following new paragraph:

''(2) RENEWED APPLICATION OF CREDIT FOLLOWING PRICE OR DEMAND INCREASE YEARS.—In the case of any calendar year that, pursuant to section 45Y(d)(3), is determined by the Secretary to qualify as a price or demand increase year (as defined under such section), paragraph (1) shall not apply with respect to expenditures made during the period of the first 2 calendar years beginning after the date that such determination was made by the Secretary.''.

SEC. 2. ELIMINATING DENIAL OF CREDIT FOR WIND AND SOLAR LEASING ARRANGEMENTS.

(a) PRODUCTION CREDIT.—Section 45Y of the Internal Revenue Code of 1986 is amended by striking subsection (h).

(b) INVESTMENT CREDIT.—Section 48E of the Internal Revenue Code of 1986 is amended by striking subsection (i).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

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