

ISSUE BRIEF January 2026

Electric Vehicles

- Public power utilities are committed to providing their communities with the infrastructure and programs needed to support increased electric vehicle (EV) adoption.
- Should Congress seek to encourage the use of EVs, it must ensure that any incentives and programs are available to public power utilities and their customers.
- Federal programs and incentives should prioritize local decision making and flexibility to fulfill each community's unique transportation needs.

Background

Battery technology improvements, declining battery costs, automaker commitments, and more consumer choices are driving increased adoption of EVs nationwide. The Energy Information Administration's *2025 Annual Energy Outlook* reference case projects that EVs, including both battery-electric vehicles and plug-in hybrid electric vehicles, will account for over 60 percent of new light-duty vehicle sales in the United States by 2050. The electrification of the transportation sector is expected to lead to reduced emissions, economic growth (from investments in EV technologies), and the enhancement of America's energy security through the diversification of transportation fuels. EVs may also be an asset to the grid through vehicle-grid integration technologies, including absorbing excess generation from renewable energy resources, curtailing charging during peak hours, and even transferring power back to the grid if needed.

Before 2021, EV adoption was primarily supported at the federal level through the tax code using two credits. Created by the Energy Policy Act of 2005 (P.L. 109-58), the Alternative Fuel Vehicle Refueling Property Credit (26 U.S.C. 30C) provided a tax credit equal to 30 percent of the cost of installing alternative fuel vehicle refueling infrastructure, including EV chargers. The credit was capped at \$30,000 for businesses and \$1,000 for individuals and applied through December 31, 2021. The New Qualified Plug-in Electric Drive Motor Vehicles Credit (26 U.S.C. 30D) provided a tax credit worth between \$2,500 and \$7,500, depending on a vehicle's battery capacity, for the purchase of a new plug-in electric vehicle. The credit, created in the Energy Improvement and Extension Act of 2008 (P.L. 110-343), was phased out for any vehicle manufactured by a manufacturer that sold 200,000 or more qualifying EVs, a threshold that Tesla, General Motors, and Toyota met. In the case of a tax-exempt entity that could not use these tax credits, such as a public power utility, the tax credits could be claimed by the seller of the EV.

In 2022, the Inflation Reduction Act (IRA)(P.L. 117-169) made several changes to EV tax credits, including extending the Alternative Fuel Vehicle Refueling Property Credit (26 U.S.C. 30C) through 2032. It also modified the New Qualified Plug-in Electric Drive Motor Vehicles Credit (26 U.S.C. 30D) to no longer phase out after the sale of 200,000 EVs per manufacturer, added a cap on retail vehicle price, and an income limit for purchasers. The \$7,500 credit also requires that a vehicle's battery be manufactured or assembled in North America and that the critical minerals used in the battery come from the U.S. or certain allied countries; these requirements apply to EVs purchased on or after April 18, 2023.

In 2015, the Fixing America's Surface Transportation Act (P.L. 114-94) included several measures to accelerate the growth of the EV market. One provision directed the Department of Transportation (DOT) to create corridor maps to identify the "near- and long-term need for, and location of, electric vehicle charging infrastructure...across the United States." DOT has designated hundreds of thousands of miles of roads in all 50 states, Washington, D.C., and Puerto Rico as Alternative Fuel Corridors. In 2021, the Infrastructure Investment and Jobs Act (IIJA)(P.L. 117-58) included new federal funding designed to incentivize the deployment

of EV infrastructure. The law provided \$5 billion over five years in funding to the states, distributed based on the existing highway funding formula, to deploy EV charging stations along Alternative Fuel Corridors. Distributed under the National Electric Vehicle Infrastructure (NEVI) Formula Program, DOT announced in September 2022 the approval of NEVI plans for all 50 states, Washington, D.C., and Puerto Rico. The first NEVI-funded public charging stations began opening in late 2023.

The IIJA also established a \$2.5 billion Charging and Fueling Infrastructure Discretionary Grant Program (CFI Program) to deploy publicly accessible EV charging infrastructure, along with hydrogen, propane, and natural gas fueling infrastructure. Half the funding was set aside to deploy infrastructure along DOT-designated Alternative Fuel Corridors under the Corridor Program. The other half of the overall CFI Program funding was for the Community Program to deploy fueling infrastructure in public locations, including parking facilities, public buildings, schools, and parks. Public power utilities were eligible to apply for these grants, and several received grant funding during the first round of CFI in 2024.

Congressional Action

Beginning in January 2025, Congress has focused extensively on energy tax credits, including those for EVs modified by the IRA. H.R. 1, the One Big Beautiful Bill Act, signed into law in July 2025, phased out consumer tax credits for EVs after September 30, 2025.

President Donald Trump issued an executive order, “Unleashing American Energy,” in January 2025, which effectively halted federal funding for the NEVI and CFI programs. New NEVI guidance was issued in August 2025 and state plans were due September 2025, restarting the program and the flow of the funding. Some states received NEVI funding prior to the new guidance being issued following a court order.

In June, President Trump signed a series of joint disapproval resolutions approved by Congress, to reverse approvals made during the Biden administration of California’s EV policies. Under the Clean Air Act of 1970, California (or any state) has the authority to set pollution standards stricter than federal limits. The state received a waiver under the Biden administration to allow policies that would require EVs to make up an increasingly larger share of new vehicles sold in California through 2035, when the state would have banned the sale of new gasoline powered cars completely. The joint disapproval resolutions revoked these rules; California has challenged the revocation in court.

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