



Fossil Fuels Dominate U.S. Energy Production, But Receive a Small Percentage of Federal Fuel Subsidies

[BY IER](#)

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At the request of the Secretary of Energy, the Energy Information Administration (EIA), an independent agency of the U.S. Department of Energy, [evaluated the energy-related subsidies](#) that the federal government provided in fiscal year 2016, updating a study that it did for fiscal years 2013 and 2010. Federal subsidies to support non-fossil fuels (renewable energy and nuclear power) in fiscal year 2016 totaled \$7.047 billion (in 2016 dollars), while those for fossil fuels totaled \$489 million—higher by over a factor of 14, despite much higher production by fossil fuel producers. *The EIA noted that those subsidies do not include state and local subsidies, mandates, or incentives that in many cases are quite substantial, especially for renewable energy.*

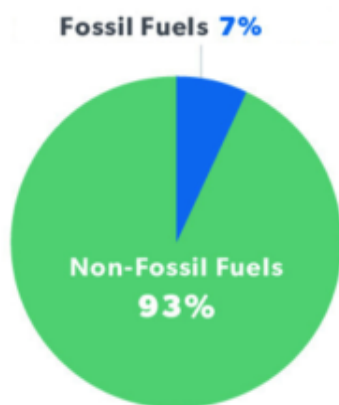
For example, about three fifths of the states have “renewable portfolio standards” which are

actually *mandated* levels of renewable energy production. Many states also waive tax payments specifically for renewable energy or offer other sweeteners for renewable energy production. These incentives are provided due to years of lobbying by renewable energy interests. Readers can see just exactly what their state offers renewable energy providers, and what it may be costing them, by reviewing [this site](#).

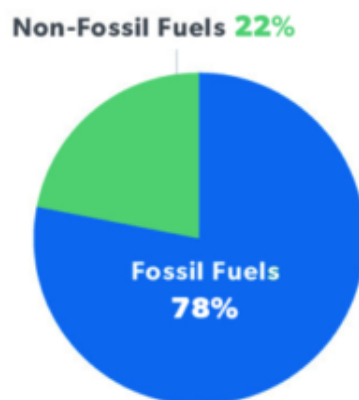
Fossil Fuel vs. Non-Fossil Fuel Production and Subsidies

In FY 2016, 93 percent of federal energy fuel subsidies were associated with renewable and nuclear energy while only 7 percent were associated with fossil fuels. Yet, most of the energy produced in the United States in fiscal year 2016 was supplied by fossil fuels (oil, natural gas, and coal)—78 percent compared to 22 percent for non-fossil fuels. (See pie charts below.)

Share of Federal Energy Fuel Subsidies, FY 2016



Share of Energy Production, FY 2016



Source: EIA (eia.gov/analysis/requests/subsidy/pdf/subsidy.pdf)

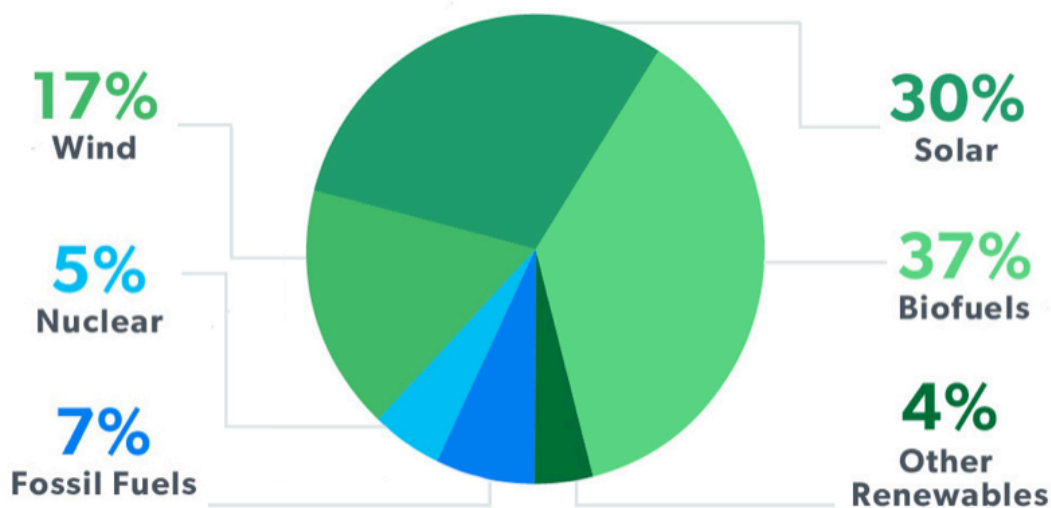
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Of the non-fossil fuel share of production, nuclear power contributed 10 percent, followed by biomass at 5.9 percent, hydroelectric at 2.9 percent, wind at 2.4 percent, solar at 0.6

percent, and geothermal at 0.2 percent.

Of total federal energy fuel subsidies provided in fiscal year 2016, biofuels received the largest share of 37 percent, followed by solar energy at 30 percent, and wind energy at 17 percent. (See chart below.)

Share of Energy Fuel Subsidies, FY 2016



Source: EIA (eia.gov/analysis/requests/subsidy/pdf/subsidy.pdf)

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Biofuel subsidies totaled \$2.8 billion in FY 2016 while wind subsidies totaled \$1.3 billion and solar subsidies totaled \$2.2 billion. Both wind and solar continue to be eligible for tax credits—production tax credit for wind and the investment tax credit for solar. In FY 2016, tax expenditures accounted for 80 percent of total renewable energy subsidies.

In FY 2016, federal subsidies and support for fossil fuels totaled \$489 million. In FY 2016, certain tax provisions related to oil and natural gas yielded positive revenue flow for the government, resulting in a negative net subsidy of \$773 million for oil and natural gas, based on [estimates from the U.S. Department of Treasury](#). Federal subsidies and support for coal totaled \$1.26 billion in FY 2016.

Conclusion

Fossil fuels provide the yeoman share of U.S. energy production, but non-fossil fuels, particularly renewable energy, receive the major share of federal subsidies and support.

For more information on EIA's subsidy report see [this related blog](#).

TAGS

100 Percent Renewable, Biofuels, Coal, Department Of Energy, DOE, Domestic Energy Production, EIA, Energy Information Administration, Energy Mandates, Energy Production, Energy Subsidies, Federal Spending, Fossil Fuels, Geothermal, Hydroelectric, Mandates, Natural Gas, Renewable Energy, Renewable Energy Mandates, Solar, Solar Subsidies, Subsidies, Wind Power, Wind Subsidies

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