



Written by [Michael Tennant](#) on August 8, 2024

Biden Pours More Millions Into Heat Pumps Nobody Wants

With the U.S. government now owing [\\$35 trillion](#) — plus trillions in unfunded liabilities — the Biden administration is spending more money it doesn't have to spur production of "green" products Americans don't want, specifically heat pumps.

On Wednesday, the Department of Energy (DOE) [announced](#) it was handing out "nearly \$85 million across four heat pump manufacturers to accelerate the manufacturing of electric heat pumps, heat pump hot water heaters, and heat pump components at five factories in New York, Tennessee, Texas, and Rhode Island."



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"Extreme weather events are harming our grid and serving as a primary driver of higher electricity bills, underscoring the need to increase access to energy efficient technologies," Energy Secretary Jennifer Granholm said in the press release. "The Biden-Harris Administration's Investing in America agenda is manufacturing hundreds of thousands of energy-saving heat pumps here in the USA, helping American households and businesses keep money in their pockets all while strengthening our national security and creating good-paying jobs."

Indefensible Act

This is the second round of DOE "investments" in heat pumps. Last November, the department [announced](#) it was spending \$169 million to increase heat-pump production, with President Joe Biden claiming the authority to do so under the Defense Production Act (DPA). According to [The Hill](#), the Cold War-era law "gives the president the authority to mobilize a certain industry to advance national security, which the administration argues applies to producing more climate-friendly energy."

That, of course, is bunk. But Biden has used — or, rather, abused — the DPA to [advance his "green" agenda](#) and to alleviate [baby-formula](#) and (alleged) [Covid-test](#) shortages, yet Congress has done nothing to stop him but issue [strongly-worded press releases](#). Hence, his unconstitutional spending spree barrels ahead.

The DOE claims its "investments will allow for U.S. manufacturing of an additional 155,000 residential heat pumps, 440,000 residential heat pump water heaters, 2,000 school heat pumps, and 20,000 large heat pump compressors each year," thereby creating "over 500 high-quality, good-paying jobs, including 220 jobs in disadvantaged communities."

Consumers Not Pumped

There's just one problem: People aren't buying heat pumps. An April [blog post](#) from the Energy Institute at the University of California, Berkeley's Haas School of Business revealed that U.S. heat-pump "shipments decreased 16% from 4.3 million in 2022 to 3.6 million in 2023" and continued to plummet this year, dropping 12 percent in just the first two months of 2024.



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The slump can't be blamed on recalcitrant Americans. It's happening in Europe, too. So what explains it?

Haas Business Professor Lucas Davis suggests three causes. First, electricity prices are on the rise; U.S. residential electricity prices increased more than six percent last year. Second, natural-gas prices have hit record lows. "This is bad news for heat pumps because natural gas is the dominant form of space heating in the United States. In many parts of the country, natural gas is the primary rival to heat pumps, so cost-conscious consumers do price comparisons before installing new heating systems." Third, the present high interest rates make consumers less likely to borrow, and when a new heat pump costs [129 percent more](#) on average than a new furnace, people are more likely to buy a furnace — or simply to repair and make do with their existing one.

Over-priming the Pumps

On the one hand, then, the federal government is artificially increasing the supply of heat pumps by subsidizing their production. On the other hand, it is depressing demand for them by inflating the money supply and tinkering with interest rates, making them so expensive that even a potential \$2,000 tax credit is insufficient to induce consumers to buy them. This can only result in one thing: a heat-pump glut followed by a reduction in production to market levels.

And what will happen to all those "high-quality, good-paying jobs" the administration is touting? Absent ongoing subsidies, they will disappear, and the "greedy" businessmen who slashed them will get the blame. By then, the election will be over, and Democrats will have realized the political gains from the initial grants. The ultimate outcome of the subsidies is irrelevant.

Indeed, that seems to be the case with the administration's other "green" initiatives. From [gas stoves to dishwashers](#), Biden's DOE has been piling on regulations allegedly intended to save us from the so-called climate crisis with little thought given to their unintended consequences, not least of which is the additional [\\$9,200](#) they're going to cost consumers, according to the Alliance for Consumers. Undoubtedly, those costs will also be blamed on "corporate greed."

Said White House National Climate Advisor Ali Zaidi:

Under President Biden and Vice President Harris's leadership, the United States is supercharging U.S. clean energy manufacturing, which is creating good-paying jobs, lowering families' energy costs, and helping tackle the climate crisis, all while boosting our nation's energy security. As communities across the country continue to face down the impacts of climate-fueled extreme weather events, investing in American-made heat pump manufacturing will help keep families safe and comfortable in their homes, schools, and businesses and cut their energy costs.

"And," he might have added, "Santa Claus and the Easter Bunny are real."



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