

Washington Update

**NEPPA Annual
Conference**

August 19, 2025
Burlington, VT



Outline

- **Congressional update**
 - Budget Reconciliation
 - FY26 Appropriations
- **Executive Branch update**
 - DOGE and Funding Freeze
 - Energy Abundance, Energy Dominance
 - Energy and AI
 - Tariffs
- **Questions**



OBBBA IMPACT TO THE ENERGY SECTOR

Tax policy is energy policy!



Disfavors Certain Energy Technologies

- Repeals EV and energy efficiency tax credits
- Phases out credits for wind and solar
- Longer runway for nuclear, hydropower, geothermal, carbon capture



Business Planning and Operations Uncertainty

- FEOC restrictions
- Commence Construction Safe Harbor
- Permitting Challenges



SOLAR AND WIND ENERGY

OBBBA rapidly accelerates the phase-out of the tax credits for wind and solar. To be eligible:

- Projects must be “**placed in service**” by Dec 31, 2027
- UNLESS they “**commence construction**”* within 12 months of enactment (July 4, 2026)
- FEOC restrictions apply
- Direct pay is available



Other zero-emission technologies

- Largely retains existing treatment of zero-emissions energy projects, but would replace the Inflation Reduction Act's alternative phaseout
- Projects including hydropower, geothermal, stand-alone storage, and nuclear projects that “commence construction” by 2033 are eligible for the full value of the credit
- Afterward, these credits phase out in stages: projects receive 75 percent of the full value in 2034, 50 percent in 2035, and 0 percent for projects beginning construction in 2036 or later
- FEOC restrictions apply
- For public power, direct pay is available

Extra Goodies for Nuclear

- New “nuclear communities” bonus credit
- 45U credit for existing nuclear, accelerated depreciation virtually untouched
- New “Energy Dominance Financing” and funding for LPO
- Defense nuclear appropriations
- Transformational AI models at National Labs



FEOC Restrictions

Ownership/ Control Interest Rules

Denies credits to prohibited foreign entities of concern: China, Russia, Iran, North Korea

- Strict ownership and control thresholds to determine whether a foreign entity of concern is restricted from benefiting from certain clean energy tax credits

Material Assistance Rules

- Prohibits a project from claiming tax if it commences construction after Dec. 31, 2025, and receives “material assistance” from FEOC.
- Projects must ensure a minimum percentage of project/component costs are not from a FEOC, percentage increases each year
- IRS will have 6 years after tax return to ensure compliance and 20 percent penalty for material assistance miscalculation

IRS is expected to strictly enforce FEOC restrictions

EV and Energy Efficiency

Tax Credits are repealed quickly after OBBBA enactment

- EV tax credits: Repealed after Sept. 30, 2025
- EV Charging tax credits: Repealed after Dec. 31, 2025
- Residential Clean Energy: Repealed after Dec. 31, 2025





Permitting Pay-to-play

- Applicants provide their own full or partial Environmental Assessment (EA) or Environmental Impact Statement (EIS)
- Pay voluntary fee equal to 125% of preparation or review of materials
- Expedited EA within 180 days, EIS within 1 year

TREASURY IMPLEMENTATION GUIDANCE

Commence Construction

- Changes to Safe Harbor?

FEOC

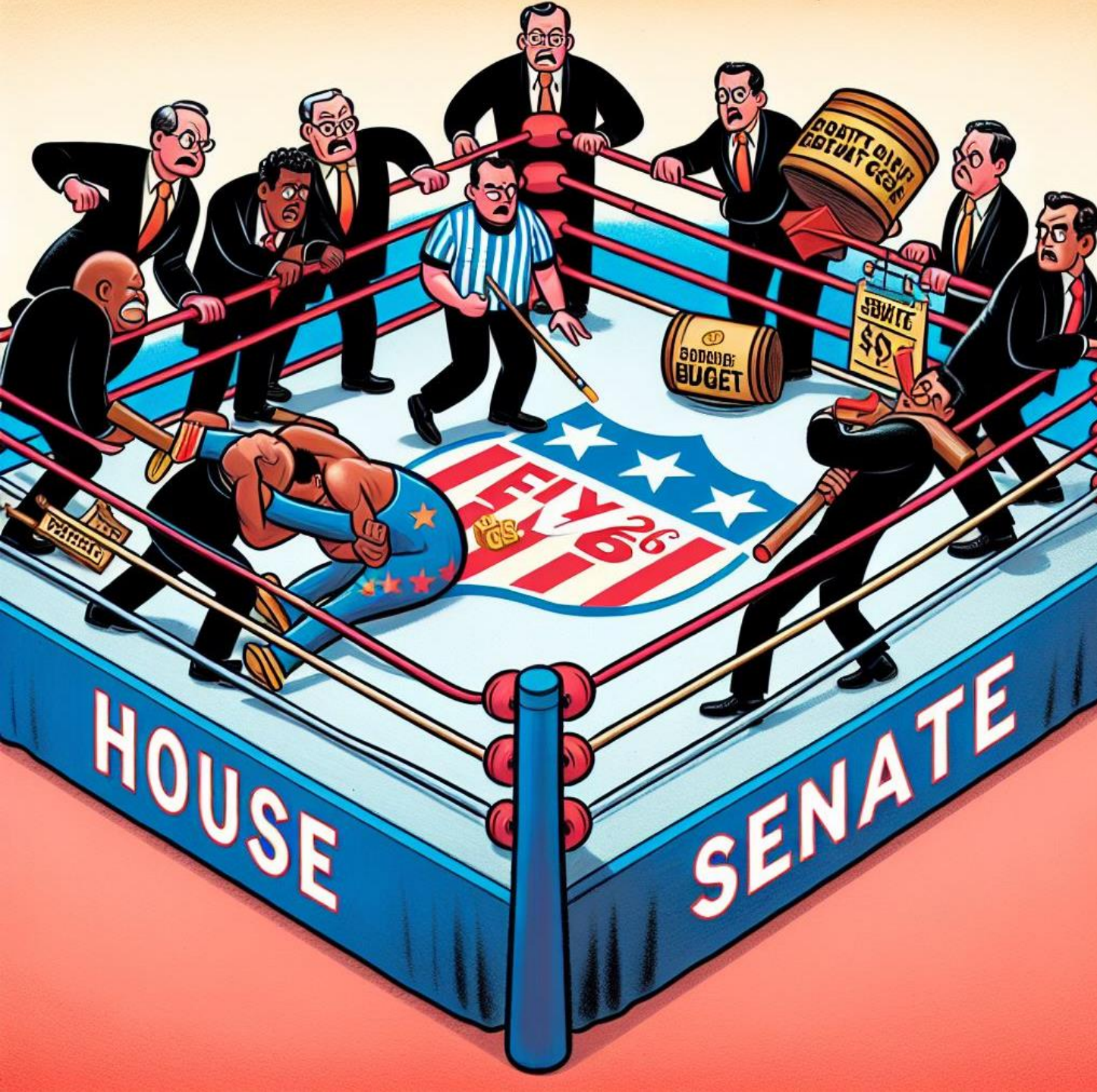
- Guidance/ Compliance expected to be prescriptive and burdensome

Timing of Guidance

- IRS/ Treasury under pressure to deliver some guidance while slow-walking others



Department of the Treasury
Internal Revenue Service



FY26 Appropriations

- “Skinny budget”
- Hearings
- DOGE Rescissions
- CR Likely, but Challenges Remain

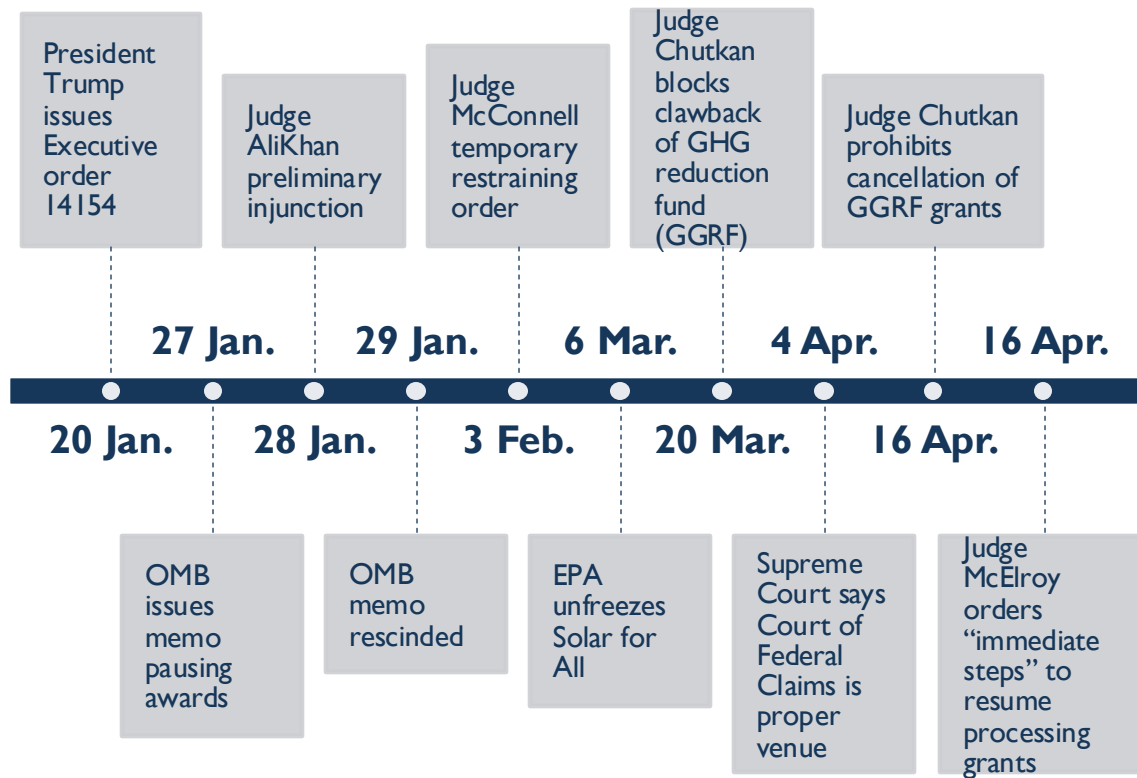
Executive Branch Update

Day One Executive orders

- Reversal of Biden-era policies
- Energy Emergency
- DOGE Creation
- Funding Freeze



FEDERAL FUNDING FREEZE



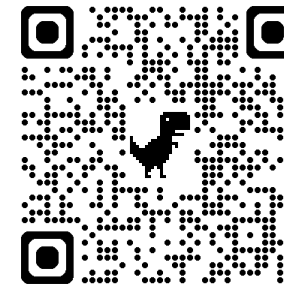


Energy Abundance, Energy Dominance

- National Energy Dominance Council
- Emergency Orders
- Support for Baseload Resources
- Environmental Deregulation
- Permitting and NEPA reform

Energy and AI

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Laissez-faire approach to regulation

Stargate

DOE Lands RFI

Middle East Deals

Coal & Nuclear Executive orders

EPA AI Initiative

Nvidia Export Controls

AI Action Plan



Tariffs

- Reciprocal tariffs on Chinese goods
- 25% Tariff on Steel and Aluminum
- 10% on Canada and Mexico (but most products exempted)
- Volatility, Retaliation, Negotiation?



Questions?

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