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Federal Clean Energy Rollbacks

Impacts to Affordability and Reliability in the Northeast

October 8, 2025

Acadia Center Webinar

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Boston, MA • Hartford, CT • New York, NY • Providence, RI • Rockport, ME

WHO IS ACADIA CENTER?

MISSION

Acadia Center's mission is to advance bold, effective, and equitable clean energy solutions for a livable climate and a stronger, more equitable economy.

PROGRAMS

Acadia Center focuses on eight areas of climate and clean energy, within which we prioritize consumer benefits, public health, economic growth, and equitable distribution of benefits:

- **Energy Efficiency and Building Decarbonization**
- **Clean Energy and Grid Reform**
- **Utility Innovation and Accountability**
- **Transportation and Mobility**
- **Climate, Energy, and Equity (CLEAN-E) Analysis**
- **State and Regional Climate Policies**
- **Equity, Environmental Justice, and Outreach**
- **Public Engagement and Communications**

SUPPORT

Acadia Center is funded by foundation grants and individual donations. It does not accept corporate or government funding.

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Today's Speakers and Agenda

- Welcome and introductions
- Overview of major recent federal rollbacks
- Impacts on energy costs and affordability
- Threats for low-income households
- How states, regions, and communities can respond
- How the regulatory environment is affecting clean energy deployments
- Audience Q&A

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From the IRA to the OBBBA: Major Changes

IRA tax credits and OBBBA

Foreign Entity of Concern (FEOC) Regulations

Additional, notable federal actions

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IRA Tax Credits and OBBBA

Technology neutral tax credits	• Wind and solar projects maintain eligibility if they begin construction before July 5, 2026, or are placed in service by December 31, 2027 • Projects starting construction after 2025 are subject to increasing FEOC requirements
Advanced Manufacturing Production credit	• Subject to FEOC requirements for components sold after OBBBA signed • Rolled back for wind energy components after 2027
Clean Hydrogen and Clean Fuel credits	• Clean Hydrogen credit is rolled back in 2027, Clean Fuel credit is extended through 2029 (but ends for SAF in 2025)
EVs, Residential Energy, Energy Efficient Homes	• EV credit has expired, and Residential Energy and EE Homes expire EOY.

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Foreign Entity of Concern (FEOC) Regulations

Established in IIJA for some grant programs

Initially a FEOC was an organization under the control of a foreign government, or an organization determined to be operating against US national security

Expanded in the IRA to cover EV tax credits

FEOC definition and application was broadly expanded in OBBBA

Added Specified Foreign Entities (SFEs) and Foreign Influenced Entities (FIEs), both considered Prohibited Foreign Entities (PFEs)

SFE = under control of China, Russia, N Korea or Iran or their citizens, or an entity with more than 50% beneficial interest going to the above

FIE = an organization influenced substantially (explicitly or effectively) by an SFE

Applicable if PFEs are involved in the supply chain for certain products or facilities

Applies to tech neutral tax credits for facilities starting construction after January 1, 2026

Credits can be clawed back if the FEOC rules are found to have been broken any time within 10 years of beginning credit uptake

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Other Notable Federal Actions Harming Clean Energy

Executive Order 14315 and IRS Notice 2025-42

- IRS Removed 5 Percent Safe Harbor (except for projects <1.5MW), but kept Physical Work Test
- Has not yet issued updated FEOC guidance

DOI Order 3437 and other Interior actions

- BOEM rescinds all designated wind areas offshore
- Review of wind turbines' impacts on avian mortality
- SO 3438 directs NEPA evals. to prefer denser energy generation

EPA's numerous de-regulatory actions

Solar for All rescission

DOJ inquiries into state climate laws

Tariffs

- McKinsey study on potential tariff regime impacts found, in the highest tariff scenario, there are significant negative growth impacts on solar and storage by 2035

Government shutdown DOE grant claw backs

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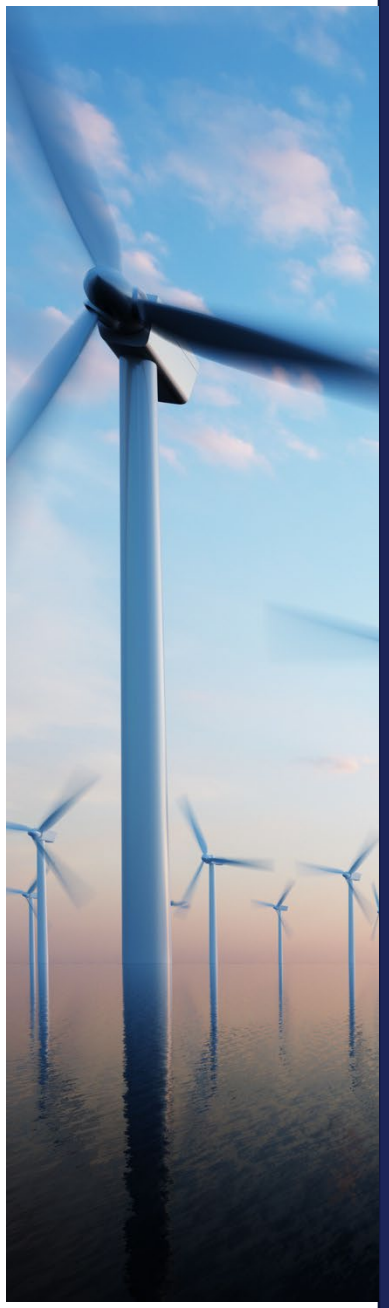

OBBBA's impact: Nationwide and Northeastern States

Rachel Goldstein
Research and Modeling Manager
Energy Innovation

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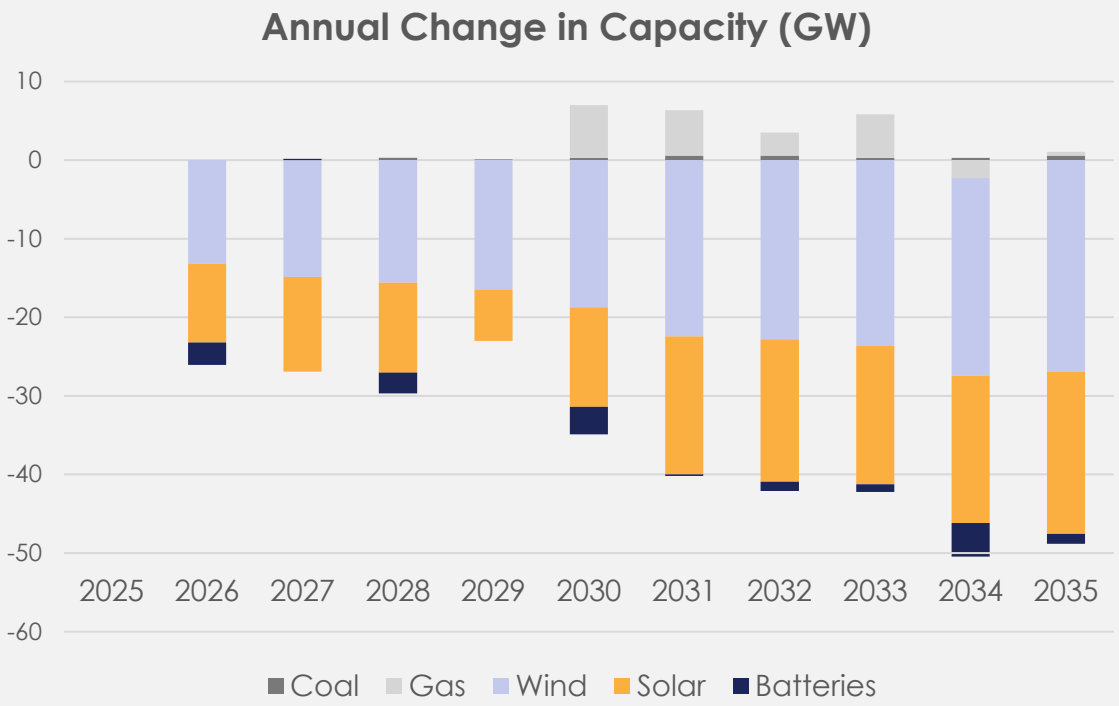
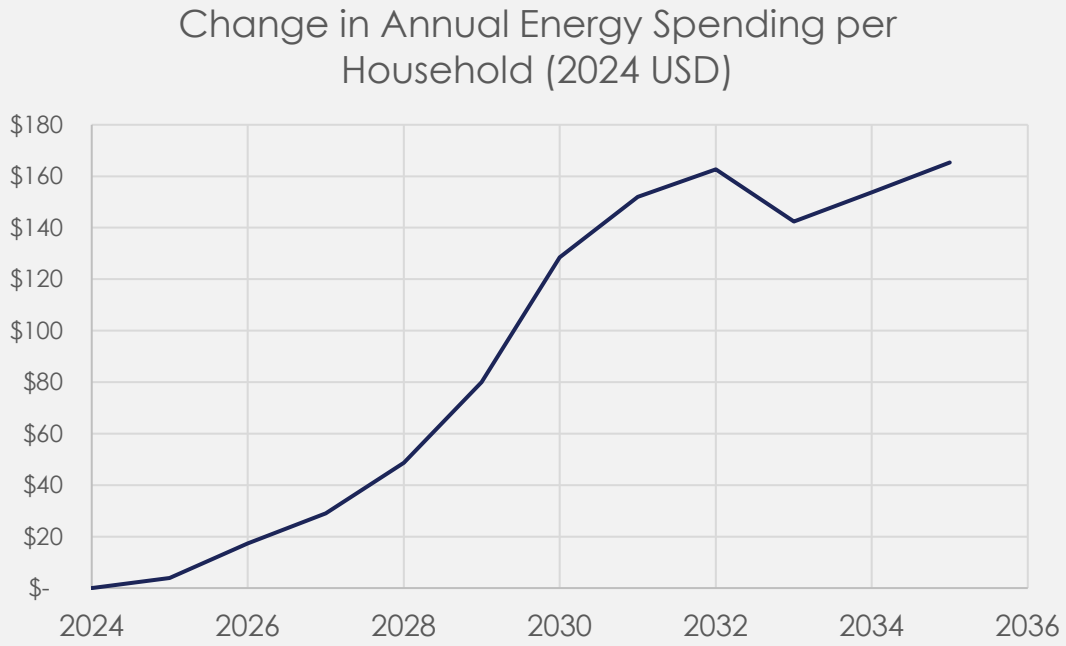
OBBBA makes energy more expensive nationwide

- Energy Innovation used our in-house Energy Policy Simulator model to assess the energy, climate, and economic impacts of OBBBA's energy provisions at the national and state levels
- Power generation capacity falls 340 GW by 2035 nationwide
  - → raises costs to meet growing demand
  - → impacts industrial competitiveness
- Wholesale power prices increase 25% by 2030 and 74% by 2035



Source: Energy Policy Simulator, Energy Innovation

OBBBA makes energy more expensive nationwide



- On average, nationwide household spending on energy (electricity and vehicle fueling) will increase $170 annually by 2035
- Loss of 760,000 jobs by 2030
- Loss of $980 billion cumulative GDP through 2035
- Some states are more heavily impacted than others, but every state shows negative economic impacts

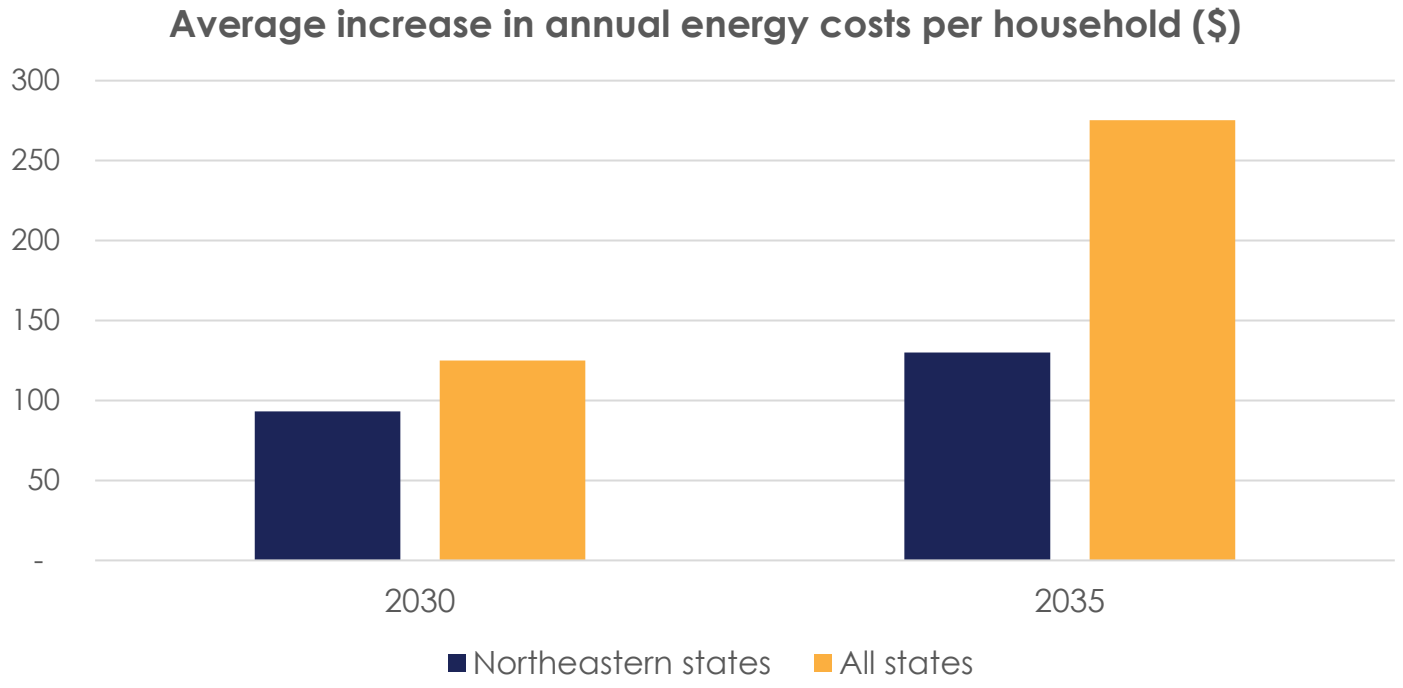
Source: Energy Policy Simulator, Energy Innovation

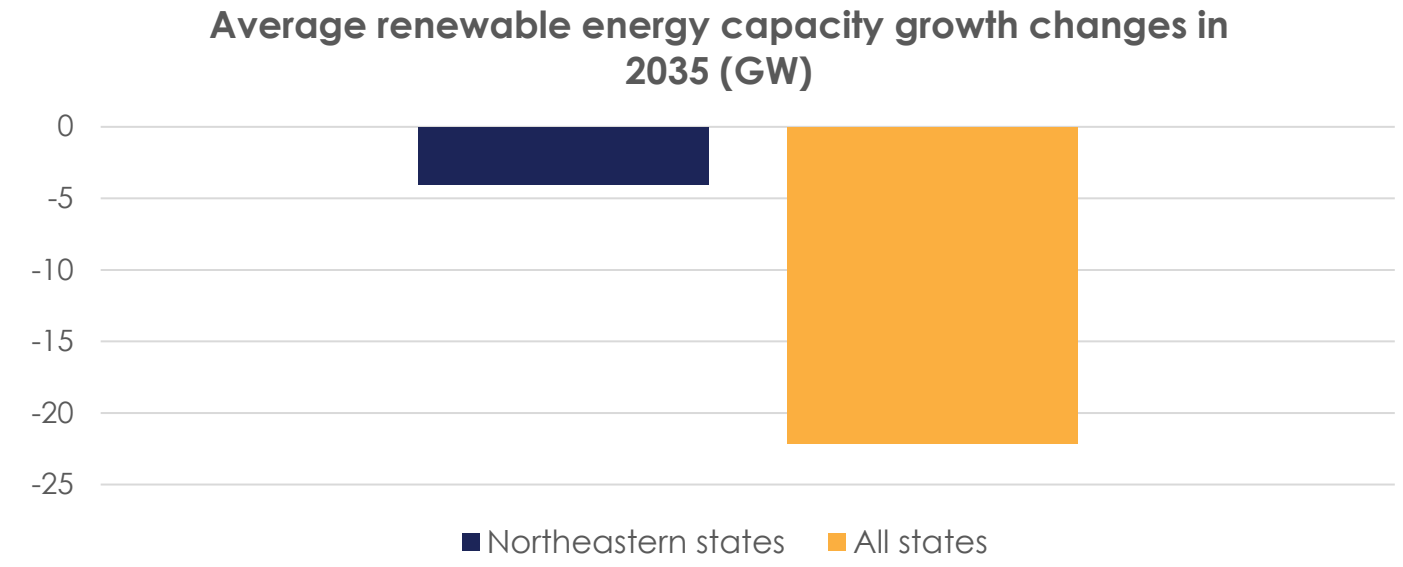
Which policies are driving negative impacts in states?

- Energy Innovation' Energy Policy Simulator models individual states, not regions
- The analysis found that the strongest impacts came from the following policies:
  - Changes to 48E (ITC), 45Y (PTC) – electricity supply (mostly wind and solar)
  - Changes to 45X – "Advanced Manufacturing Production Credit"
  - Changes to 30D – Clean Vehicle Credit
- Several "smaller" provisions add up and lead to rising energy costs, reduced clean energy supply, job losses, and lower GDP growth
- A complete list of policies modeled in the Energy Innovation analysis can be found in Appendix A of the original OBBBA report

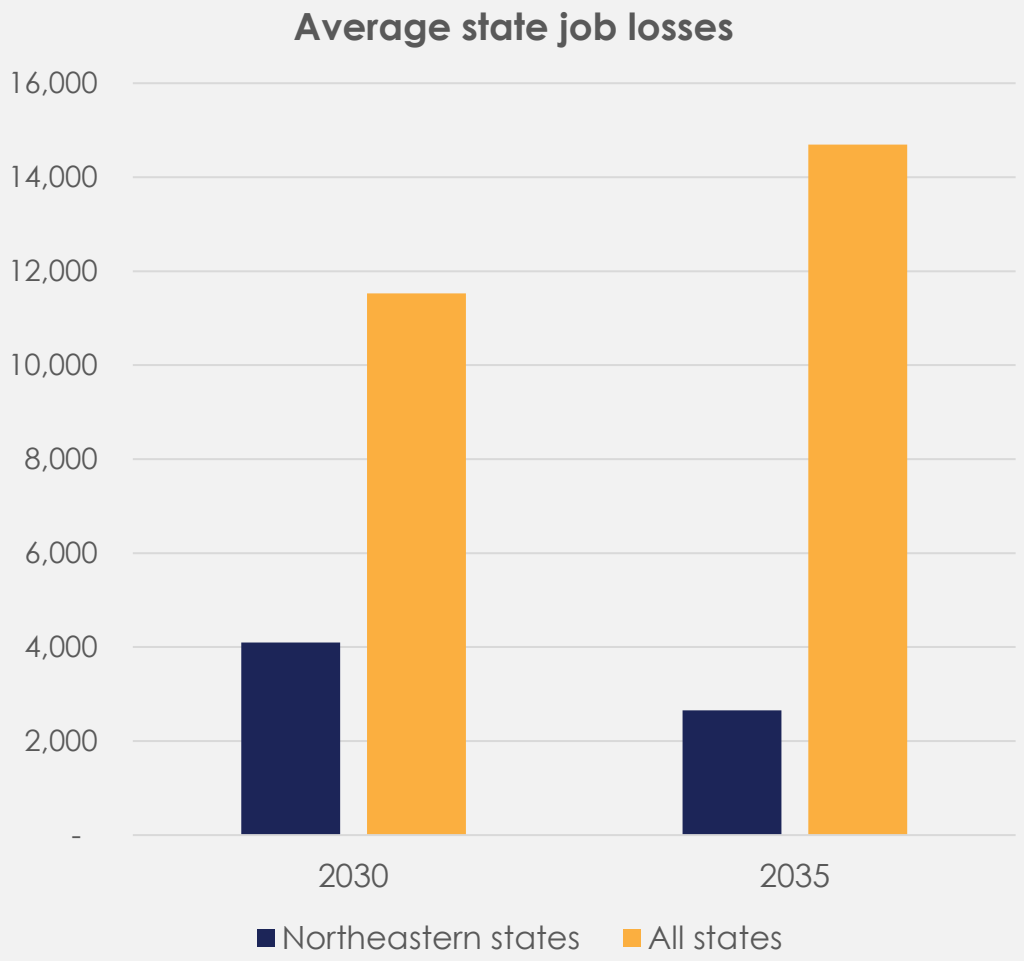
Northeastern states are more resilient to OBBBA impacts than the rest of the country

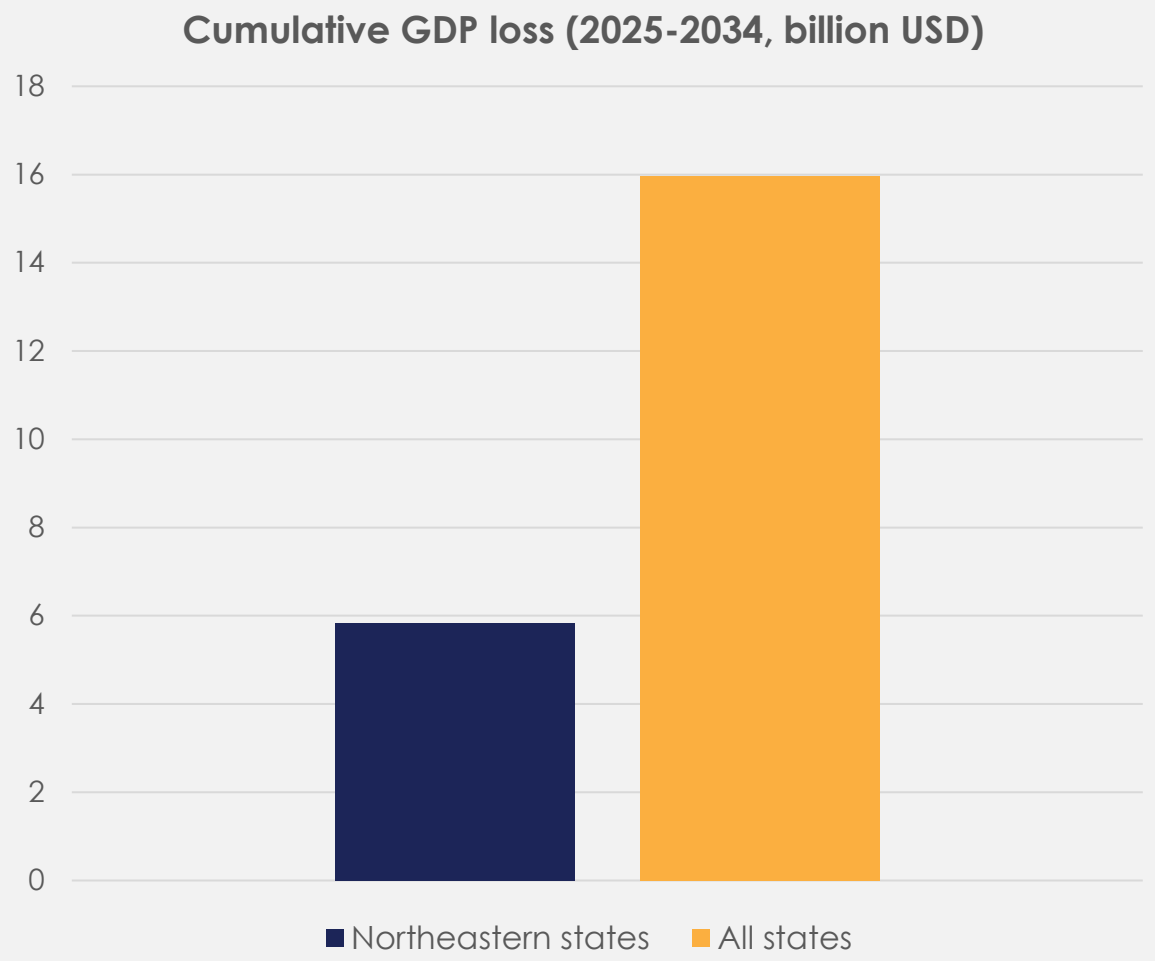
- On average, New England + New York and New Jersey sees less impacts on household energy spending, capacity buildout, GDP and job losses
- State level policies ensure renewable energy can continue buildout
- Confounding factors:
  - Small state size and small populations in some New England states
  - Not typically energy or manufacturing-driven economies





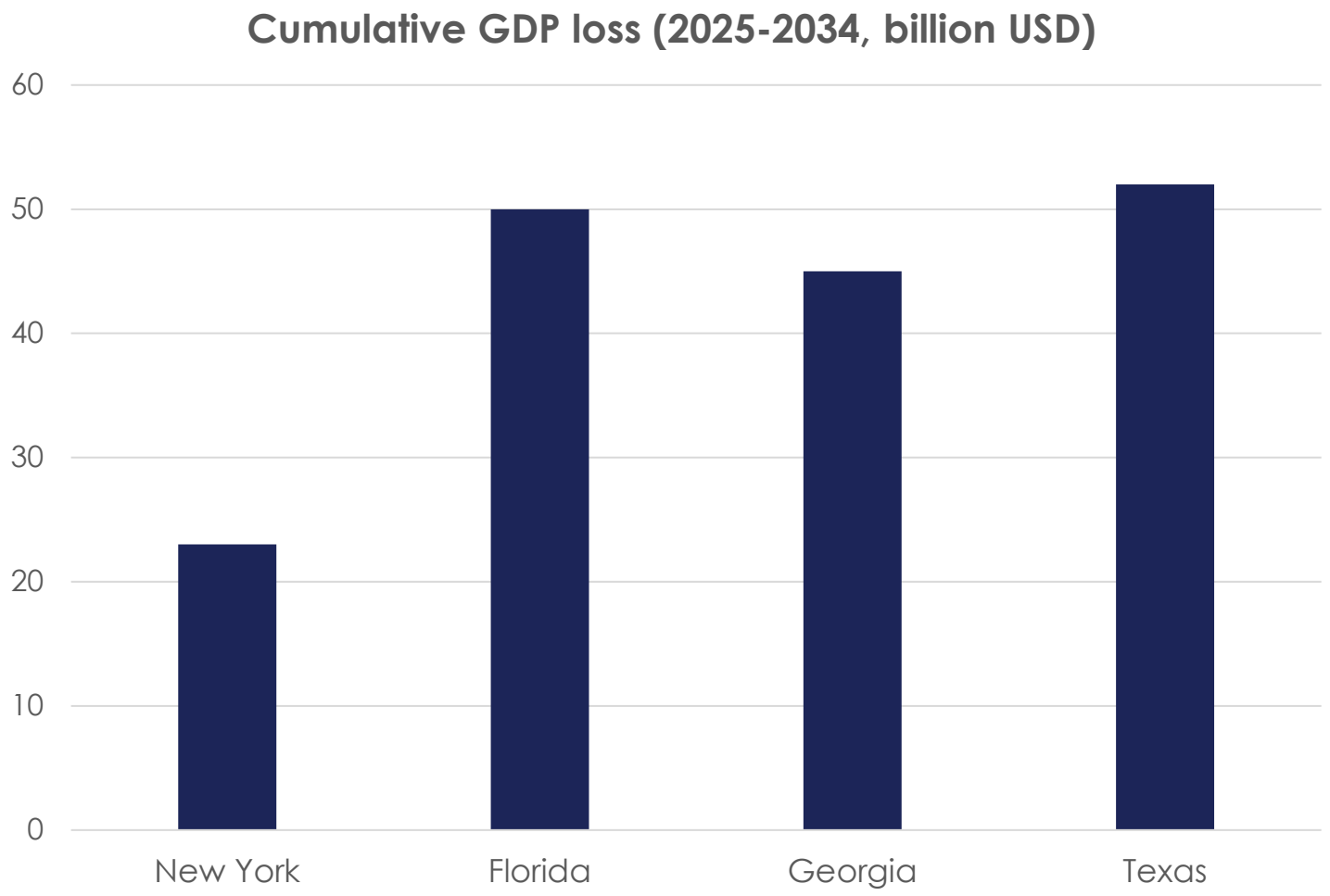
Source: Energy Policy Simulator, Energy Innovation





Source: Energy Policy Simulator, Energy Innovation

OBBBA's greatest impacts are on states with limited climate policy, high potential for renewable energy capacity growth, and significant manufacturing presence

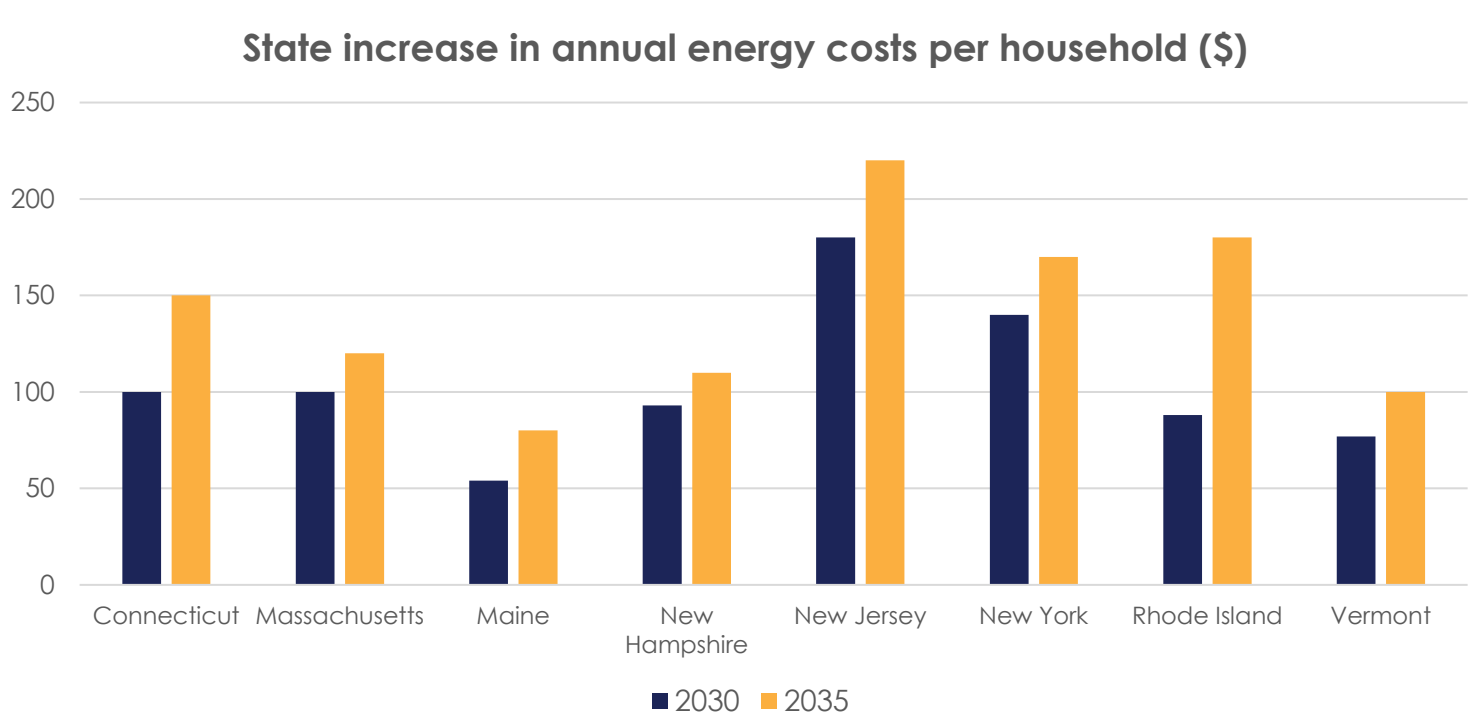


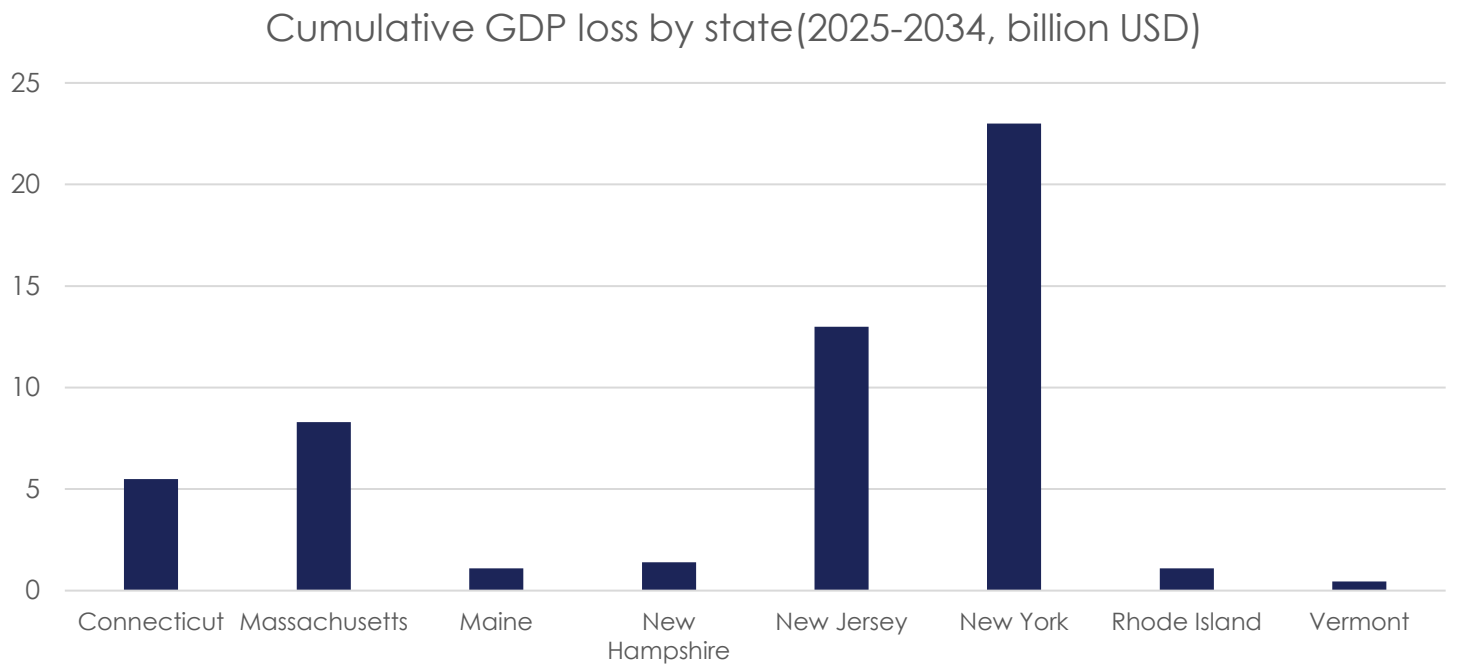
Source: Energy Policy Simulator, Energy Innovation

However, all Northeastern states are negatively impacted by IRA repeals

- Strong state-level climate policies could insulate states from OBBBA impacts
- However, all states still see negative impacts from IRA repeals
  - Rising annual energy costs per household increase through 2035
- Larger states (i.e. New York, New Jersey), see greater economic impacts simply due to population size.

Source: Energy Policy Simulator, Energy Innovation

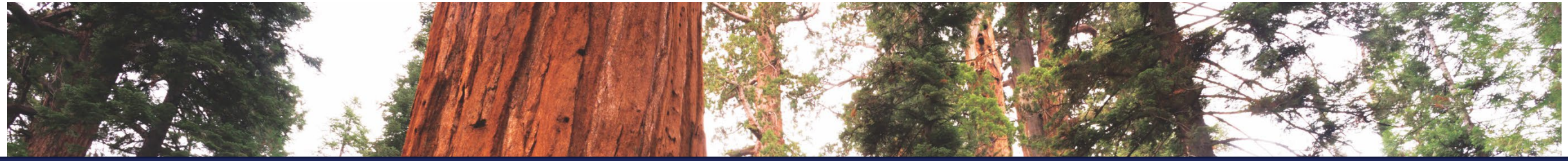




Mitigating the impacts of OBBBA in the Northeast

- Existing state policies in New England + New York and New Jersey
  - State level policy for emission reduction targets (RPS and CES policies), state level tax incentives
  - Other examples include Massachusetts' Renewable Energy Acceleration Law (2024), New York's 2019 Climate Act
- Regional Greenhouse Gas Initiative (RGGI)
- Northeastern states tend to not host as many manufacturing facilities or large renewable energy projects (land availability, costs)

- Tax credits and incentives for renewable energy, electric vehicles
- Building electrification (mainly when replacing LP heating)
- Permitting reform
- Disentangling transmission issues in New England for more renewable energy project buildout



Thank you

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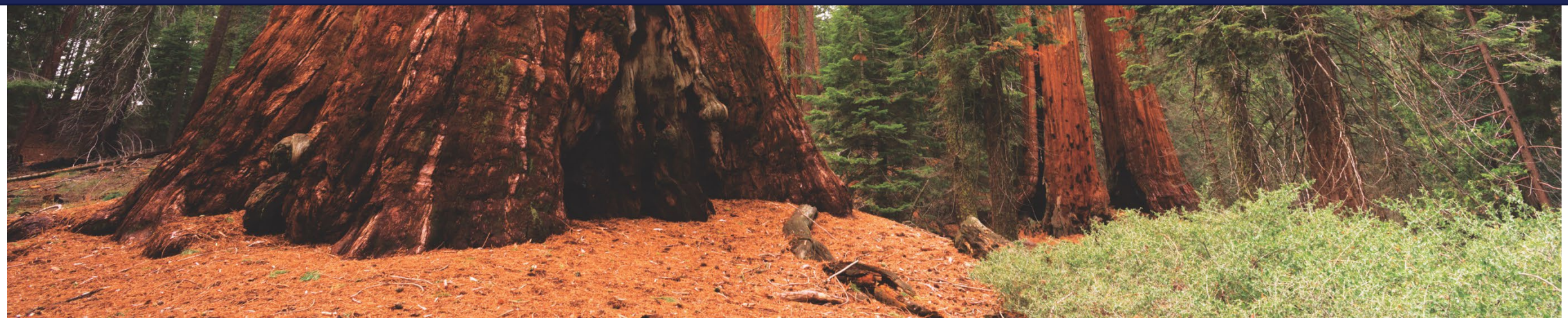

Federal Clean Energy Rollbacks: Impacts to Affordability and Reliability in the Northeast

October 8, 2025

National Consumer Law Center
Fighting Together for Economic Justice

Jenifer Bosco, Managing Director of Energy Advocacy
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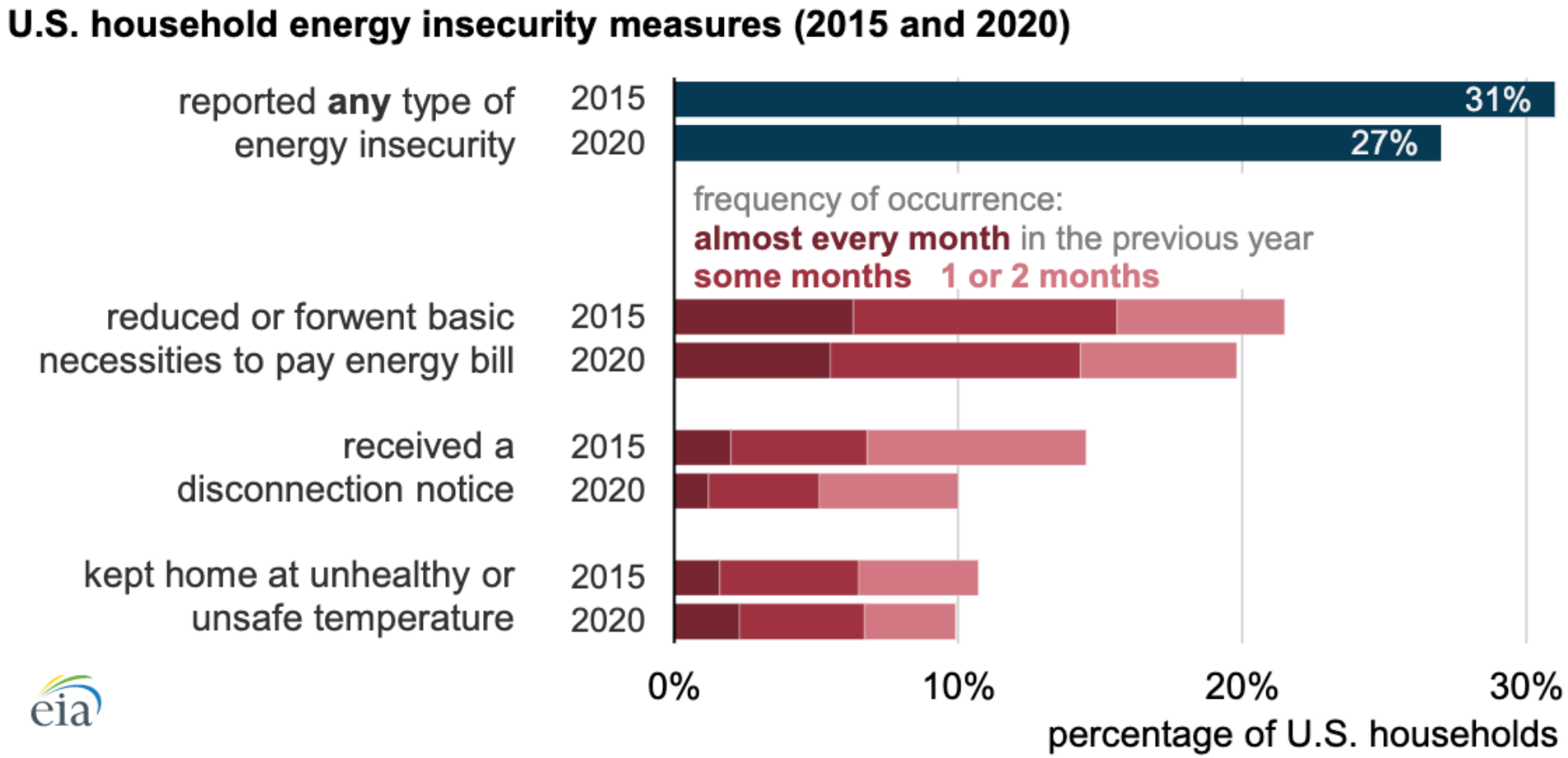
APRIL 11, 2022

In 2020, 27% of U.S. households had difficulty meeting their energy needs



Source: U.S. Energy Information Administration, *Residential Energy Consumption Survey* (RECS)

Low Income Home Energy Assistance Program

- LIHEAP or HEAP
- FY25 total funding was $4.025 billion
- April 2025 – significant cuts to HHS staff
- FY26 status:
  - President's proposed budget would have zeroed out funding for LIHEAP
  - Senate Appropriations would provide $4.045 billion for LIHEAP (a $20 million increase)
  - House Appropriations would provide $4.035 billion for LIHEAP (a $10 million increase)
  - Both bills contain language that would require states receive 90% of their funds by Nov.1
  - Both bills contain language noting that there is sufficient funding for HHS to fill staff vacancies so that the LIHEAP program can fulfill its statutory mandate to provide heating and cooling assistance nationwide.
- Shutdown threatens to disrupt program operations, though states can still draw down some funds if available (carryover, re-allotment, IIJA)

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Weatherization Assistance Program

- FY25 total budget allocation was $366,000,000
- IIJA allocated $3.5B for WAP on top of usual allocation to be spent by June 2029, this was not touched by OBBBA
- For FY26, House proposed dramatic cuts ($195M)
- State WAP plans have been approved prior to the shutdown
- Note: DOE memorandum revoked consideration of non-energy benefits in WAP audits, including water usage reduction and social cost of carbon

Home Energy Rebates – HOMES and HEEHRA/HEAR

- IRA created Home Owner Managing Energy Savings (HOMES) Rebates Program (IRA Sec. 50121), and the High-Efficiency Electric Home Rebates or Home Electrification and Appliance Rebates (HEEHRA or HEAR) Program (IRA Sec. 50122).
- HOMES rebates:
  - Energy efficiency retrofits from $2,000-$4,000 for individual households
  - Up to $2,000 for retrofits reducing energy use by 20% or more, up to $4,000 for retrofits saving 35% or more ($4,000 and $8,000 for low-income households (below 80% AMI)).
- HEEHRA or HEAR provided direct rebates for low- and moderate-income households:
  - Electric appliance rebates of up to $14,000 for LI households purchasing ASHP, heat pump water heaters, electric stoves and ovens, wiring upgrades, insulation, etc.
  - E.g., Energy Star electric heat pump installation for space heating and cooling, up to a cap of $8,000;
  - For moderate income households, the same rebates are available to cover 50% of the costs.
- Status? Shorter deadlines, some programs will end Dec, 31, 2025. Available in some states, see Atlas Building Hubs tracker for up to date information

Used EV Tax Credit (25E)

- Section 13402 of the IRA had established a tax credit for previously-owned clean vehicles purchased by a taxpayer after December 31, 2022. This section 25E credit was worth the lesser of $4,000 or 30% of the sale price.
- Requirements: Used EV with a sale price of $25,000 or less, and family income below $150,000 for a joint filing, $112,500 for a head of household, or $75,000 for a single filing.
- Section 70501 of OBBBA repealed the used EV tax credit for equipment placed in service after September 30, 2025.

Affordability context

- Financial impacts of OBBBA on under-resourced families are immense
- Cuts to SNAP, Medicaid and other programs worsen the financial burdens on families, and potentially reduce availability of state resources
  - E.g., cuts to Medicaid, Medicare and Affordable Care Act premium tax credits are projected to leave over 14 million people without health insurance
- ”Financialization” (increased borrowing and debt) not a viable solution for families with significant debt burdens already

How States, Regions, and Communities Can Respond

Actions states, regions, and communities can take to reassert control of their energy and economic futures

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Significant Authority Rests Sub-Nationally

States, regions, and cities have the ability– and responsibility – to strengthen their longstanding commitment to climate leadership in respond to federal hostility.

These jurisdictions have significant authority over key sectors and can enact policies that move the needle on emissions reductions.

This makes the role of state, regional, and municipal climate action indispensable in the present moment.

From regulating utilities to enforcing renewable energy standards and advancing clean transportation solutions, state and local leadership will be crucial as a bulwark against faltering national support.

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First: State Executive Actions

California Executive Order

- Identifies projects affected by tax credit sunsets – expedites them through state agency action
- CPUC asked to prioritize critical solar + storage projects that will come online within the next three years; and identify priority actions to expedite transmission
- CAISO asked to prioritize commercially ready generation and storage for interconnection

Arizona Executive Order

- Directs report within 30 days that will create proposals for streamlining energy infrastructure development (e.g., including transmission corridors, load growth, clean firm technologies, tribal relations, etc.); establishes task force

Colorado Executive Order

- Eliminates barriers for projects eligible for 45, 48, 25D credits
- Will pursue flexible interconnection
- Facilitate pre-purchasing of equipment
- State agencies to prioritize rights of way for siting transmission, storage

New York Executive Action

- Launched land based renewable energy solicitation [due Oct 21] to procure large scale, advanced stage renewables faster and ensure agency coordination
- Streamlining and qualifying projects that seek access to existing credits

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Second: Lawsuits and Legal Action

States

- 17 State AGs (plus DC) sue over offshore wind Executive Order
- RI and CT AGs sue over Revolution Wind Stop Work Order (SWO)
- Efficiency Maine Trust and other state agencies/administrators file suit against EPA for Greenhouse Gas Reduction Fund funding blocks

Industry and Workforce

- Ørsted lawsuit on Revolution Wind SWO
- RI AFL-CIO-led lawsuit on Solar4All

Communities

- New Haven, CT, and other localities join lawsuit over withdrawn grant funding

Customers

- Farms in MA (Red Fire Farm) and elsewhere suing USDA over withholding grant funds for agricultural solar projects

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Strength in Numbers: Multi-State Action

Multi-State Action Diving Successful Outcomes

- Longer-Term Transmission Planning (LTTP) Process in New England
- Northeast States Collaborative on Interregional Transmission
- Cross-border collaboration: NEG-ECP meeting to be held in November, focusing on cross-border transmission planning
- States can build on this momentum and pursue more multi-state responses/pushback (e.g., coordinate bulk equipment purchases, approve common design standards for larger projects)
  - Example from another sector: the creation of the Public Health Collaborative that has created vaccine guidelines.

Regional Greenhouse Gas Initiative (RGGI)

- RGGI: a model for multi-state collaboration since inception in 2008, spanning 10 Northeastern and Mid-Atlantic States
- To date, the program has generated $8.3 billion thus far for participating states; market-based, cap and invest system designed to reduce emissions from power plants in the region
- On July 3, 2025, the RGGI States announced an agreement reached to conclude the Third Program Review, adopting a stronger, updated cap on power plant emissions through to 2037.
- States have the option to use RGGI programs to address/mitigate federal changes, especially with recent higher allowance prices and program revenues.

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State Policy Actions Should Emphasize:

- **Speed**
  - States can expedite projects below 1.5MW, since the 5% spend safe harbor will continue to exist for solar projects below 1.5MW (and/or encourage developers to break projects up for approval)
  - Run RFPs early to be supportive of projects receiving financing to meet Treasury Physical Work guidelines as soon as possible
  - Use siting review power of states and tie actions to state policy goals
  - Expedite distribution-level interconnection processes to maximize tax credit uptake
  - Pursue new fast-action tools like balcony solar + rapid permitting legislation

- **Affordability**
  - Tackling inflationary ROE in different states: first mover proposal, TotEx
  - Increasing investment in energy efficiency programs, rather than decreasing budgets
  - Passing shutoff bans, implementing PIPP, community solar with low-income savings, gap filling to ensure customers are supported
  - Authorize new public financing (e.g., for transmission, renewables), bonding, and securitization tools to diversify funding sources
    - *Ex: California passed a bill/funding for a 'transmission accelerator' to use public financing for transmission projects*

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States Must Come Together to Address Urgent Needs

Infrastructure Underinvestment

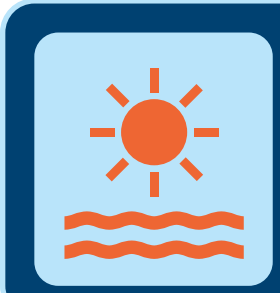
- There is a **$3.7 Trillion** infrastructure funding gap in the U.S.

Energy Bill Burdens

- Power prices have increased more than twice as fast as inflation in last 12 months

Housing Availability & Quality

- America's housing shortage is at an all-time high of **4.7 Million** units



Clean Air & Water

- Air pollution causes nearly 200,000 premature deaths annually in the U.S.

Transportation Access & Options

- The U.S. faces an **$86B** road and bridge funding gap across 24 states and a **$140B** public transit improvement backlog

Community Resilience

- The annual cost of U.S. billion-dollar disasters has risen from **~$22B** in the 1980s to **$149B** between 2020-2024

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Advancing the Clean Energy Future

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