



EESI Rapid Readout:

OBBBA (HR 1) Impacts on Renewable Energy and Energy Efficiency Landscape

December 12, 2025



Lawyers for Good Government (L4GG)

Mission: Leverage 125,000 legal advocates in all 50 states to provide legal resources and community support to expedite a just transition to a green economy.



Assist **tax-exempt entities** across **48 states and Tribal territories** obtain federal funding for clean energy projects and climate justice initiatives



ON track to provide **\$40M** in pro bono services by **2025**

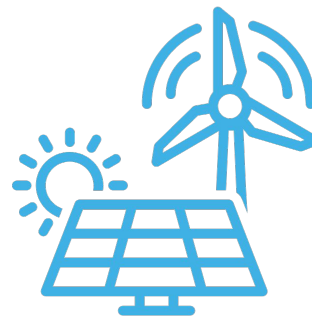


Provide technical assistance and legal guidance to over **800** municipalities, states, schools and communities



H.R. 1 Biggest Impacts - EV, EV Charging, Energy Efficiency, Wind/Solar

- **Wind & Solar** (Sections 45Y & 48E clean electricity production and investment tax credits)
 - Begin construction on or after July 4, 2026, to be placed in service before the end of 2027.
- **Commercial Electric Vehicles:** (Section 45W) Phased Out Sept 30th.
- **Energy Efficiency Phase Out:** (Section 25D, 25E) Must be completed EOY 2025
- **Electric Vehicle Charging:** (Section 30C) Must place in service by June 30, 2026.
- **Complicated Prohibited Foreign Entity Rules:**
 - Wind, Solar, Geothermal & Energy Storage
 - Lighter restrictions on Nuclear, Biofuels, etc..
 - Most stringent material assistance rules start Jan 1st





Immediate Reaction from OBBBA/ HR1

- **Uncertainty;**
 - Confusion around PFE & Timelines
- **Loss of EVs = huge hit to fleet transitions**
- **Reduction in utility scale solar/wind**
- **Reduction in Supply**
 - Rush to purchase before end of year
 - Most going to the larger developers
 - Smaller solar projects left behind on scarce supply
- **Impacts to the secondary lending market from grant terminations**





Power project cancellations by technology

2025 cancelled capacity (MW)



Chart: Michael Thomas / Cleanview • Source: Cleanview project tracker • Created with Datawrapper

Combined 266 GW of generation capacity canceled in 2025 = 25% of current US electricity generation

93% of cancellations = clean energy



Longer Term Reaction to OBBBA/HR1

METRIC



BASELINE: PRE-HR1 SUCCESS



IMPACT: POST-HR1 CRISIS

Growth & Capacity



Record Deployment: 49 GW added in 2024 **(33% increase)** [1].

93% of all new U.S. capacity was clean energy [1].



Investment Lost: **\$52.48 Billion** in delayed/canceled private investment [2].

307 projects stopped or delayed [2].

Jobs



Sector Growth: 3.6 million workers employed **(+12% increase since 2021)**. Outpacing broader U.S. job market **(8%)** [3].



Job Stagnation: **158,816** clean energy jobs lost or stalled [2].

Affordability



Cost-Competitive: **91%** of new renewables were cheaper than fossil fuel alternatives [4].



Increased Cost: Household electric bills up **11%** nationally [2].

Data Sources: [1] ACP, *Clean Energy Dominates in 2024* (Mar. 2025). [2] Climate Power, *October Energy Crisis Snapshot* (Oct. 31, 2024). [3] WRI, *5 Key Insights on the State of US Clean Energy Jobs* (Nov. 2025). [4] IRENA, *Renewable Power Generation Costs in 2024* (Jul. 2025).



Impact to Stakeholders

Nonprofits/religious institutions:

- Still eligible for **elective pay** on qualifying clean-energy and efficiency projects, but less able to pay on front end with financing (terminated grants, etc)
- **Many credits are sunseting or restricted**, sharply reducing available incentives
- Projects like solar installations or efficiency retrofits may no longer be financially viable unless organizations **move quickly** to meet shortened timelines.

Municipalities/School Districts/Universities:

- Same as above, PLUS:
- **Fleet transitions just became a lot more expensive (sunset of EV and EV charging); cost increases**
- Slower to move and adjust
- Municipal debt issue with PFE - how are the Prohibited Foreign Entity payment/ownerships rules applied? Does it matter if muni debt is held by a PFE? How would a city even know that's the case? Rules are very unclear, but this is causing major concern in lower and higher education spaces and discouraging clean energy construction



Impact to Stakeholders - Cont'd

States:

- Still eligible for **elective pay** on qualifying clean-energy projects.
- **Impacts on HOMES and HERA rebates** - unclear strategy, phase out of energy efficiency makes resi solar less financially viable
- Likely outcomes: **delayed or reduced clean-energy deployment**, higher long-term energy costs, and weaker decarbonization efforts.
- States face budget shortfalls from HR 1, impacting ability to offer rebates and support to munis
- Some more ambitious states looking for ways to fill the gap, more appetite for nuclear

Solar Industry:

- Developers must **start construction by July 4, 2026** or place in service by **Dec 31, 2027** to claim ITC/PTC.
- **Residential solar/EE credit ends after 2025**, reducing homeowner demand.
- **Foreign-entity rules** raise supply-chain costs and limit credit eligibility
 - Tension between solar developers (looking for flexibility) and solar manufacturers (pushing for PFE but not having components available)
- Expected outcomes: **project delays/cancellations, reduced investment, and industry job losses.**



What remains and what organizations should consider NOW

Elective pay / direct-pay is **not abolished** under OBBBA. If an entities move more quickly they can still benefit from available clean-energy tax credits.

Send entities here for help

- **Fear/uncertainty around PFE is the primary obstacle**
 - TA/Education is key to getting this right
 - For projects already placed in service (or nearly so), or where construction begins soon, there remains a window (especially commercial/utility-scale) to lock in credits under favorable terms.
- **Watch for Treasury's implementation:**
 - "Skinny" guidance on PFE before the end of the year
 - Possible updates to safe harbor ratios
 - More guidance should help clarify things, but could be vague enough to confuse
 - Watch for audits, etc.
- **Developers and solar-industry stakeholders:**
 - Re-evaluate business strategies, supply chains, project pipelines
 - Shift toward domestic sourcing to comply with "foreign-entity" restrictions / content requirements

[Elective Pay
Sprint Hub](#)

