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**ENERGY POLICY IN
THE TRUMP ADMINISTRATION:**

**RENEWABLE
ENERGY**

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Setting the Stage

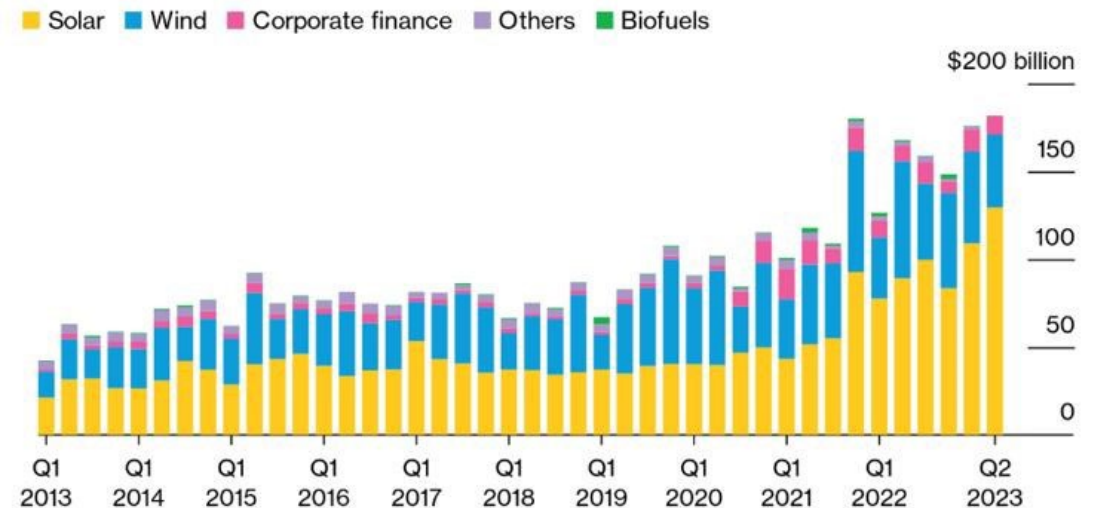
Renewables Overview

Renewable Energy on the Rise

- 2010 – responsible for 11% of U.S. electricity generation
 - 2023 – responsible for 23% of U.S. electricity generation
- Policy shifts towards environmental protection and renewable energy
 - Clean Power Plan
 - 2009 EPA Endangerment Finding
 - Restrictions on oil and gas drilling

Renewable Energy Investment Hit Record \$358 Billion in 1H 2023

Global quarterly investment in renewable energy



Source: BloombergNEF

BloombergNEF

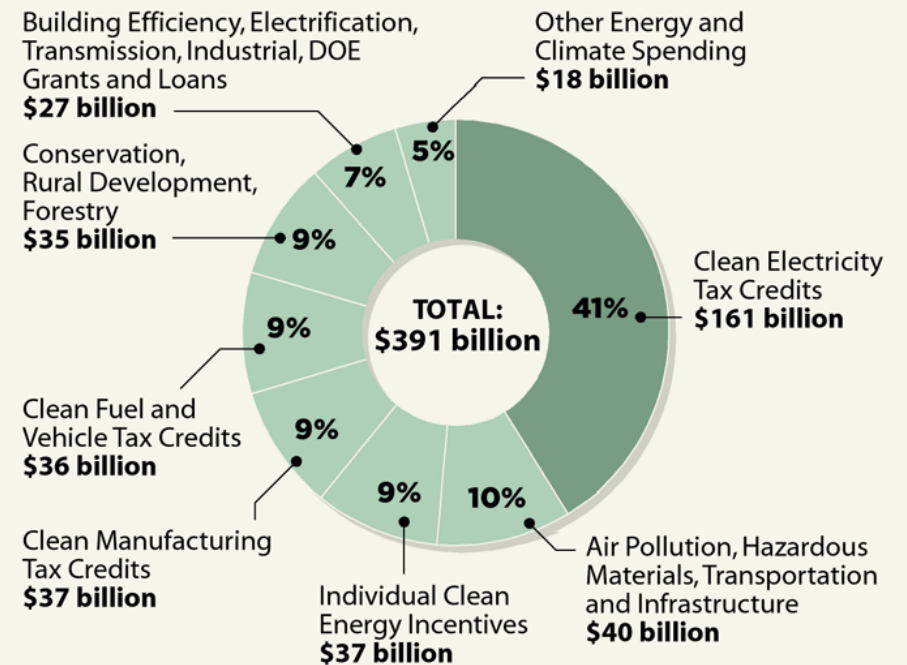
Renewables Overview (cont'd)

2023: Inflation Reduction Act

- Created hundreds of billions of dollars in clean energy tax incentives
 - Clean electricity
 - Advanced manufacturing
 - Electric vehicles
 - Hydrogen
 - Residential solar
- Created a market for clean energy tax credits

What's in the Inflation Reduction Act?

The Congressional Budget Office has estimated that the energy and climate programs in the Inflation Reduction Act will cost \$391 billion. This number is probably incorrect because of uncertainty about spending on tax credits and other factors. Here are the parts that add up to the CBO's total:



NOTE: Percentages do not equal 100% due to rounding.

SOURCE: CBO

PAUL HORN / Inside Climate News

Renewables Overview (cont'd)

2025: President Trump Takes Office

- “All of the Above” energy strategy to establish American energy dominance
- Prioritize baseload power: natural gas, coal, nuclear
- Resume export of liquefied natural gas
- Open federal lands for oil, gas, and mining
- Use reconciliation to repeal, amend, or roll back Inflation Reduction Act



A background image featuring a close-up of a wind turbine's blades and nacelle in the upper half, and an aerial view of a wind farm in a green field in the lower half. The text is centered in a white band between the two images.

Executive Orders

Deregulation

Unleashing American Energy

- Review, modify, rescind regulations that impose undue burden on energy production
 - Renewable energy sources like wind, solar, hydrogen, CCS, and others **excluded** from EO

Protecting American Energy from State Overreach

- Identification of state and local laws that burden energy production
- AG directed to prioritize state laws purporting to address “climate change,” “environmental, social, and governance (ESG),” “environmental justice,” “greenhouse gas emissions,” or state carbon penalties

National Energy Emergency

Declares a national energy emergency under the National Emergencies Act, granting agencies additional emergency authority to support the development of “energy” or “energy resources.”

- Solar, wind, hydrogen, and other renewables **excluded**

Army Corps of Engineer permitting fast-track for 600+ projects

- No wind, almost no solar projects selected

Permitting Reform

Efficient permitting (Unleashing American Energy EO)

- CEQ interim final rule rescinding nearly 50 years of federal CEQ regulations but does not prevent agencies from implementing NEPA pursuant to their own existing procedures
 - Does not seek to amend or undermine NEPA itself or any state NEPA analogs
 - Consistent with November 2024 DC Circuit ruling that CEQ has no authority to write regulations, and February 2025 USDC case striking down 2024 NEPA rule from CEQ
- CEQ-led working group to coordinate agency-level NEPA implementing regulations for consistency
- Expedite permitting approvals and meet deadlines established in the Fiscal Responsibility Act of 2023
- Prioritize efficiency and certainty over any other objectives, including those of activist groups, that could add delays and ambiguity

Climate and Renewables U-Turn

Clean energy funding freeze (Unleashing American Energy)

- Funding freeze for grants, loans, or disbursements allocated under the Inflation Reduction Act or Investment Infrastructure and Jobs Act for “Green New Deal” infrastructure

Wind project constraints (Temporary Withdrawal of All Areas on the OCS from Offshore Wind Leasing and Review of the Federal Government’s Leasing and Permitting Practices for Wind Projects Memorandum)

- Withdrawal wind energy leasing areas on within OCS
- Ecological, economic, and environmental review of existing wind energy leases
- Cessation and review of federal onshore and offshore wind leasing and permitting practices

Climate and Renewables U-Turn (cont'd)

Environmental analyses (Unleashing American Energy EO)

- Withdraw guidance on GHG monitoring/ measurement, “social cost of greenhouse gases”
- Reconsider “Endangerment Finding” and “social cost of carbon” calculation

Rescind Biden-Era Environmental EOs (Unleashing American Energy EO)

Withdraw from International Agreements (Putting America First in International Environmental Agreements)

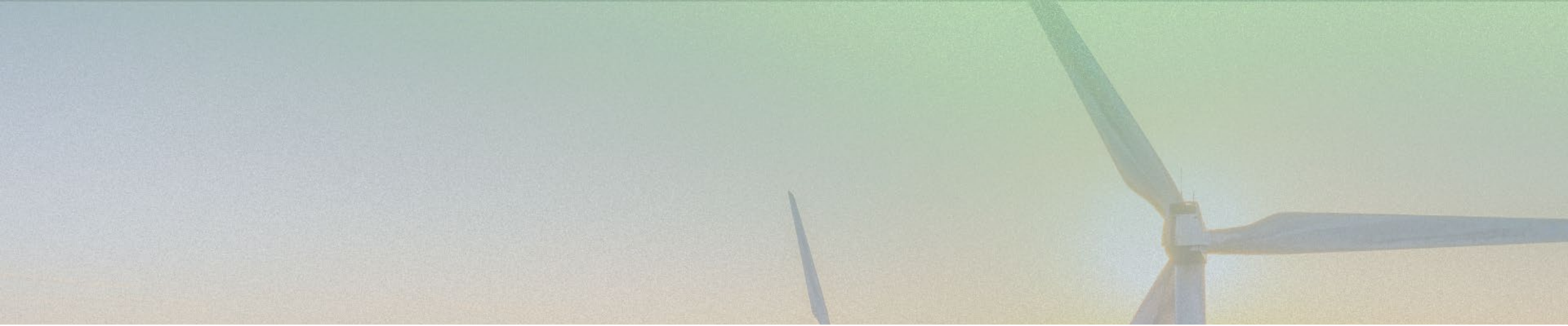
Fossil Fuel Prioritization

Open federal lands for energy production (Unleashing American Energy EO)

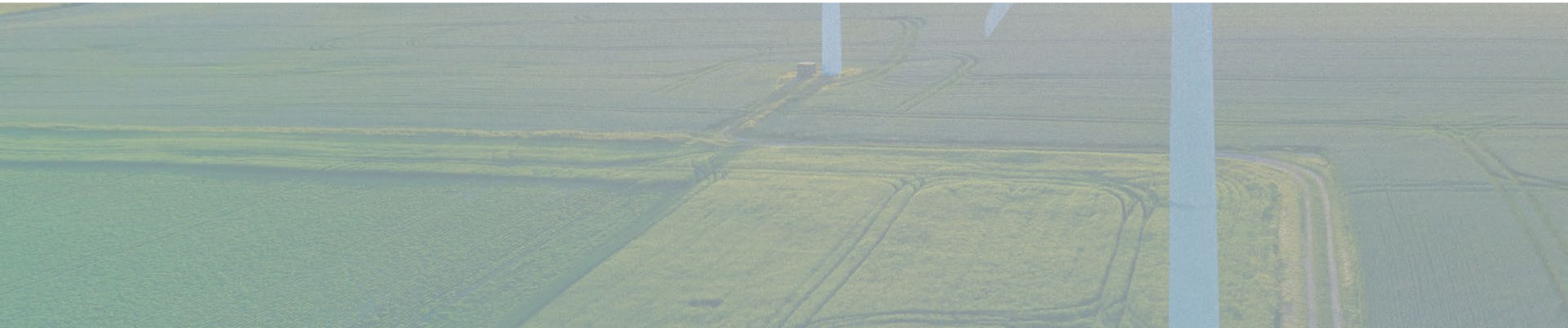
- support oil & gas lease sales on public lands
- rescind withdrawal of certain areas of the OCS from oil & gas leasing
- reverse public land withdrawals

Renewed reliance on coal (Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241 EO) (Regulatory Relief for Certain Stationary Sources to Promote American Energy Proclamation)

- Coal project qualification for streamlined permitting and federal financing options
- Review of federal rules that burden coal use and production
- Agencies evaluate options for extending life of coal-powered infrastructure to support data center development
- Allows certain coal plants to comply with a less stringent version of EPA's Mercury and Air Toxics Standards (MATS) rule for two years.



Agency Action



Environmental Protection Agency

- Termination of IRA grants and awards
- Attempts to reclaim \$20 billion in disbursed climate grants
- Repeal or reconsideration of 31 EPA rule and regulations
 - Clean Power Plan 2.0
 - Greenhouse Gas Reporting
 - 2009 Endangerment Finding
 - NESHAP reconsideration
 - Social Cost of Carbon
 - Good Neighbor Plan

Department of Energy

- Pause of IRA funding disbursement
- Potential closure of Office of Clean Energy Demonstrations
- Fiscal Year 26 Budget Cuts
 - \$15 billion cut to clean energy funding
 - Cuts to Office of Energy Efficiency and Renewable Energy, ARPA-E, and Office of Nuclear Energy

Department of the Interior

- Renewable energy sources, battery storage, and carbon capture and storage technology **excluded** from emergency permitting eligibility
- Pause and restart on construction for the Empire Wind energy project in New York
- Rescission of Bureau of Land Management's Intermittent Energy Rule

A photograph of a wind turbine in a green field. The turbine is white with three blades. The background is a clear blue sky. The foreground shows the green grass and some distant trees.

Congressional Action

Budget Reconciliation: Clean Energy Credits

Repealed after Dec. 31, 2025:

- 30C - Alternative Fuel Vehicle Refueling Property Credit
- 25D - Residential Clean Energy Credit
- 45V - Clean Hydrogen Production Credit

Eligible for facilities beginning construction within 60 days of bill enactment AND placed in service before Dec 31, 2028:

- 45Y - Clean Electricity Production Credit
- 48E - Clean Electricity Investment Credit

Repealed after Dec. 31, 2031:

- 45X - Advanced Manufacturing Production Credit (Eliminates wind energy components sold after Dec. 31, 2027)
 - Also repeals transferability mechanism for 45X

Budget Reconciliation: Funding Rescissions

Rescission of unobligated IRA funds

- State-Based Energy Efficiency Training Grants
- Energy Loan Program Office
- Energy Infrastructure Reinvestment Financing
- Interregional and Offshore Wind Electricity Transmission Planning, Modeling, and Analysis

Budget Reconciliation: Grant and Program Repeals

Repeal and Rescission of the following grants and programs :

- Port air pollution reduction grants
- Greenhouse Gas Reduction Fund grants
- IRA low-emissions electricity program
- Funding for implementation for the American Innovation and Manufacturing Act
- State, Local, and Tribal Climate Change Action Plan funding
- IRA environmental justice programs



Industry Impacts

Major Policy Initiatives Impacting Renewable Energy Projects

- Significant changes to investment and production tax credits for renewable energy projects proposed during budget reconciliation process.
- Price pressures due to tariffs and anti-dumping/countervailing duties on key materials and equipment.
- Federal funding freezes and grant terminations are impacting hundreds of projects.
- Pause or termination of offshore wind leases.
- State legislatures with anti-renewable energy agendas are also poised to impose new requirements on renewable projects.
 - Texas SB 819

Risks Flowing from Policy Changes

Risk Type	Contract Clauses Implicated
<p>Asset Value and Performance</p> <ul style="list-style-type: none">• Most risks are derivative of this issue. Will the project be able to generate the forecasted revenue, achieve the forecasted credits, inline with forecasted costs, supported by the anticipated financing, on the contracted timetable. <p>Cost of Materials and Equipment</p> <ul style="list-style-type: none">• This could be a component of asset value or stand-alone contracts with suppliers.	<p>Purchase Price Adjustment Plant Capacity Guarantee</p> <ul style="list-style-type: none">• Minimum Capacity/Buydowns <p>Parent Guarantee Tax Credit Insurance Change in Law/Force Majeure</p> <ul style="list-style-type: none">• Changes to ITC/PTC• Tariffs• AD/CV Duties <p>Material Adverse Change Substantial Completion/Delay LDs Termination Clauses</p>

Purchase Price Reductions/Adjustments

- Many contracts contain clauses that will adjust the purchase price for the asset if certain known risks materialize for the project.
- Popular subjects for these clauses to cover include:
 - Failure of the project to obtain guaranteed capacity (electrical output).
 - Failure of the project to obtain certain investment tax credit, production tax credit or other incentives, such as use prevailing wage/apprenticeship programs.
 - Repeal or change to tax incentive laws, feed-in-tariffs, or other industry subsidies for which the project economics were based.
 - Equipment cost increases due to tariffs or AD/CV duties.
- Supply contracts for specific material and equipment may also contain purchase price adjustment clauses.

Spotlight on Force Majeure/CIL Clauses

- These clauses are contract specific and turn on specific negotiated language.
- In a typical force majeure case, where performance has just become more expensive, a party is not excused.
- Many projects have adapted these FM/CIL clauses to capture specific events.
 - Example: COVID-19
 - Example: AD/CV Trade Cases
 - Example: repeal of tax equity/tax credit legislation
 - Example: Industry Wide Interruptions
- These clauses may only provide temporary relief if the impediment to performance is not permanent.
 - Example: Schedules may be extended for each day of an FM event.
- Some CIL clauses are paired with price adjustment clauses.
- Do tariffs qualify as FM or CIL? Likely depends on specific language.

Spotlight on Material Adverse Change

- May be found in Reps and Warranties or Conditions to Closing or Completion.
- Typical elements:
 - Target company specific
 - Undisclosed
 - Durationally Significant
- MAE or MAC clauses may provide for price adjustment, termination, or other recourse.
- Not frequently invoked
- Could unanticipated cost increases constitute an MAC or MAE?
- Are industry wide tariffs specific enough to constitute an MAC or MAE?

Tariff Rollback Creates Space to Mitigate/Negotiate

- Consider early procurement of key materials.
- Continue efforts to diversify supply chains to maximize flexibility.
- Review current contracts and consider using rollback period to negotiate/allocate for the risk that prohibitively high tariffs will return.
 - Change-in-law clauses.
 - Price adjustment/tariff allocation clauses
 - Adjust Force Majeure clauses to clearly address where performance rendered too costly by tariffs.
 - Material Adverse Change Clauses

Spotlight on Importing/Sourcing

- Raw materials and manufactured components for new wind, solar, and battery storage are overwhelmingly sourced from countries with political risk and volatile shipping terms (cost and timing).
- More than 60% of rare-earth ore and refined metals needed for wind turbines and batteries come from China.
- Roughly 80% of the polysilicon used in solar panels comes from China.
- Current U.S. trade policy and tariffs may increase the costs of critical materials and equipment:
 - Electrical switching gear
 - Batteries
 - Solar panels
 - Critical minerals
 - Steel, Aluminum, Copper, Uranium

Price Escalation for Equipment and Materials

- Recent trend is to include price escalation clauses in contracts.
- A price escalation is a measurement between two points.
 - Planned Expenditure vs. Actual Expenditure
 - Actual Expenditure can be relatively easy to figure out.
 - Typically, there is not an adequate explanation in the contract as to how to obtain the planned expenditure number
 - Can use an index for commodity type purchases.
 - But what dates are used? Are they explicit?

An aerial photograph of a wind farm. Several white wind turbines are visible, with their long blades extending across the frame. The turbines are situated in a vast, green, open field, likely a rural or agricultural area. The sky is a pale, hazy blue. The overall image has a soft, slightly desaturated aesthetic.

Discussion

Discussion Questions

- What is the status of the budget reconciliation legislation?
- Are any new renewable energy technologies viewed more favorably by the Trump administration?
- What will the impact of funding pauses and potential IRA rollback be on planned or in-progress renewable energy projects?
- How is the global renewable energy market reacting to changes in U.S. energy policy?
- How are changes in trade policy affecting domestic renewable energy development?
- Are renewables necessary to meet the increased power demands for AI and data center infrastructure?