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# Energy & Sustainability Washington Update — May 2025

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In April, we marked the Trump administration's first 100 days and, with it, a continued sweeping recalibration of federal energy and environmental policy with aggressive efforts to curtail government spending, restructure key regulatory agencies, and realign national priorities toward the administration's policy of "Energy Dominance." Central to this effort has been the dramatic reduction in the federal workforce, with over 260,000 employees either dismissed, retired, or voluntarily separated. While equivalent to only 12% across the whole federal employment base, the cuts have disproportionately affected offices central to energy, environmental oversight, and infrastructure development, including those in the Department of Energy (DOE), Environmental Protection Agency (EPA), Federal Energy Regulatory Commission (FERC), and Department of the Interior (DOI). The administration has framed these changes as necessary efficiency measures, although clean energy advocates, industry coalitions, and public sector stakeholders have raised concerns about diminished institutional capacity and potential delays in project execution.

In parallel, the administration has taken initial steps to reshape the federal permitting landscape. Following the January executive order (EO) on "Declaring a National Energy Emergency," the Interior Department said it will also tap into emergency authorities under existing regulations to accelerate approvals, targeting completion of NEPA reviews for certain projects 28 days versus the customary two years. The administration also announced the addition of high-profile mining projects to the national permitting dashboard administered through the White House Permitting Council, signaling its intent to accelerate major critical minerals projects.

Meanwhile, Congress has continued deliberations around potential reconciliation bills to preserve the Tax Cuts and Jobs Act (TCJA) tax rates that expire this year. Key to this will be the fate of Inflation Reduction Act (IRA) tax credits, such as the 45E Investment Tax Credit (ITC), the 45Y Production Tax Credit (PTC), 45V Hydrogen Credit and the 45X Advanced Manufacturing Credit. Despite ideological divisions, bipartisan efforts have emerged to preserve incentives critical to domestic industry and job creation. Taken together, the developments over the administration's opening months portend a transformative — and potentially turbulent — new chapter for US energy governance and regulatory policy.

## Permitting Progress

On April 23, the Department of the Interior **announced** steps to begin implementing unique emergency permitting authorities under the National Environmental Policy Act (NEPA), Endangered Species Act, and the National Historic Preservation Act for projects in 11 different categories covering fossil fuels, uranium, biofuels, geothermal, hydropower, and critical minerals. While details for applying for the emergency authorities are still being defined, a new "alternative arrangements for compliance with EPA" framework could allow applicants to condense environmental review timelines from years to weeks. For cases where officials observe significant environmental impacts, the environmental review is targeted for 28 days, with 10 days for public comment. Projects with minimal environmental impacts are targeted for just 14 days. It's likely that full implementation of the emergency authorities will be the subject of judicial review, but it illustrates that the Trump administration is serious about breaking the permitting logjam in key priority areas. It also may provide useful input as Congress continues to debate more permanent permitting reforms, where NEPA has been a sticking point. Interestingly, power transmission projects were not on the target list, likely because these would be seen as benefiting largely renewable projects.

Meanwhile, the Trump administration's Permitting Council **announced** on April 18, ten mining projects to a federal permitting dashboard. While the dashboard doesn't directly speed up permits, it sets clear timelines and improves coordination between agencies. The list includes high-profile and controversial projects like the Resolution Copper mine in Arizona — opposed by members of the San Carlos Apache Tribe, who are asking the Supreme Court to step in — and the expansion of the Warrior Met coal mine in Alabama. Other projects involve mining for lithium, gold, phosphate, and potash in several states. The White House and the Permitting Council say more projects will be added soon.

# Upcoming Reconciliation

Reconciliation negotiations to preserve the TCJA tax rates due to expire this year continued during April among Republicans on both the House and Senate. On April 10, the House **adopted** a final concurrent budget resolution setting the foundation for work on a future reconciliation bill. This version of the resolution was first adopted by the Senate on April 2, which had amended an **earlier House budget resolution.** The House final instructions allow for a deficit increase of $5.3 trillion, the result of $3.8 trillion in tax cuts and $1.5 trillion in additional deficits. This is an increase from the $4.5 trillion originally passed by the House on February 25, indicating the difficult goal Republican House members had set for themselves to satisfy deficit hawks. Whether or not the new goal will result in a net increase in support remains to be seen.

Potential revenue increases through new rates for tax brackets for over $1 million annual income were proposed but then shut down by the Trump administration, as have been cuts to Medicaid which are thought to be necessary to hit the reduced spending target for the Energy and Commerce Committee. Similarly, plans to raise revenue from the sale of federal lands have been quashed by House Natural Resources Committee Chair Westerman. The House Natural Resources Committee does plan to generate more than $1 billion in offsets by selling new leases for fossil fuel production and boosting mining, however. The House Transportation and Infrastructure Committee has released text that may create a fee on electric and hybrid vehicles. Specific committees have begun the markup process for their portions of the reconciliation bill starting the last week of April and first week of May, with the House Energy and Commerce Committee scheduled to mark up the bill on May 7.

# IRA Energy Tax Credits Updates

Key to any reconciliation bill will be the fate of the IRA energy tax credits which disproportionately benefit Republican districts. Notably, in April, a group of key Republicans voiced their support to preserve certain tax credits from the IRA, though no hard lines were drawn. Republican Senators Lisa Murkowski (R-AK), Jerry Moran (R-KS), Thom Tillis (R-NC), and John Curtis (R-UT) **wrote in a letter** to Republican party leadership on April 9 to caution against the full-scale repeal of IRA tax credits, highlighting how the credits support investments in renewable energy installations, battery manufacturing, energy efficiency improvements, and the production of alternative fuels. The senators join 21 House Republicans who made a similar **plea** in a letter to House Ways & Means Committee Chairman Jason Smith (R-MO) on March 9. Countering this support, a group of 38 Republican House members released a letter on May 1 calling for a complete repeal of all IRA energy tax credits.

The Solar Energy Industries Association (SEIA) launched a campaign on Monday, April 21, designed to mobilize voters in Congressional districts that would be impacted by tax credit rollbacks, targeting the technology-neutral 45Y PTC and the 45E ITC. Other lobbying efforts are concentrated around the 45V Hydrogen Tax Credit, the 45X Clean Energy Manufacturing Tax Credit, and the 45Q Carbon Capture Utilization and Storage tax credit. These all seem to have some Republican support, though specific qualifications or sunset terms may be modified as part of a broad reconciliation bill. Notably, the 30D Consumer Electric Vehicle tax credits have not received any support. With Congressional leaders aiming to have a reconciliation bill passed by July 4, we may still be in the relatively early stages of the negotiation process, and finalization will likely stretch in August, if not longer.

# Staff Cuts at DOE, EPA, FERC, and DOI

Continuing efforts started by the "Department of Government Efficiency" and aligning with the Trump administration's efforts to decrease federal spending, key energy agencies continue to see major restructuring. It is estimated that over 260,000 federal workers have been fired, have taken buyouts, retired early, or have been earmarked for termination since Trump took office.

At DOE, at least 3,200 people – and possibly as many as 5,000 – have opted to take the Trump administration's offer to leave, and this number is likely to rise since DOE extended the deadline for voluntary resignation offers to August 11. About 9,000 DOE employees have been deemed essential by internal plans, primarily pertaining to the National Nuclear Security Administration, meaning that a disproportionate level of personnel cuts – well in excess of 50% — has fallen to basic and applied research and technology commercialization organizations.

As DOE's Loan Programs Office (LPO) faces its share of these staffing cuts, a coalition of more than 30 clean energy producers, policy experts, and industry groups sent a **letter** to Energy Secretary Chris Wright in support of LPO. The letter emphasized that LPO has been a vital source of long-term capital for energy projects advancing US strategic and economic interests for nearly two decades and urged the administration to ensure that LPO remains fully equipped with specialized technical staff and institutional capacity to underwrite and monitor large-scale energy projects, warning that a lack of such resources could slow or stall projects and weaken American competitiveness. Signatories of the letter include Oklo Inc., the Data Center Coalition, Nuclear Energy Institute, Clean Energy Buyers Association, and representatives of the American Conservation Coalition and the Foundation for American Innovation.

Secretary Wright formerly served on the board of Oklo.

The EPA also faced dramatic staff reductions, particularly concerning positions that deal with environmental justice and diversity, equity, and inclusion (DEI). Last month, EPA employees in environmental justice roles **received** notification that they would be laid off on July 31. In March, the EPA announced the closure of the Office of Environmental Justice and External Civil Rights and there are rumors of50 - 75% staff cuts at the Office of Research and Development.

At FERC, Commissioner Willie Phillips stepped down, effective immediately, following a request to resign from the White House. His exit leaves a 2-2 partisan split on the Commission, allowing President Trump to tap a replacement commissioner. FERC also expects to lose approximately 9% of its 1,500-person workforce this year due to deferred resignations and early retirements pushed by the Trump administration. It’s unclear whether these cuts will significantly impact FERC’s current focus on reviewing "zombie proposals,” proposed regulations that were never voted on, and replacing NEPA-dependent guidance. FERC staffing might also be a key issue in clearing connection queues and other regulatory rulings required for increased project permitting.

The Department of the Interior also continues to cut staff and reorient its priorities. A draft strategic plan, intended for the fiscal years 2026-2030, prioritizes accelerating the production of oil and gas on public lands through faster and easier permitting. The plan aims to cut regulations, "right-size" national monuments, includes a strategy to enable tribal self-determination and economic growth, and considers restoring "heritage lands and sites to states." Secretary of the Interior Doug Burgum has expressed views that the vast natural resources managed by the agency are "assets" that can generate revenue in the grazing, timber, and critical minerals industries to help reduce the national debt. However, this has, to date, been met with a less-than-enthusiastic response by Congress.

# Offshore Wind

Setting a new regulatory precedent, Equinor’s Empire Offshore Wind LLC (Empire) received **notice** on April 16 from the Bureau of Ocean Energy Management (BOEM) to halt all activities on the outer continental shelf until BOEM has completed its review. Empire is complying with the notice and took immediate steps to initiate the suspension of all construction activities, which started in April 2024. The legality of the Trump administration’s action, however, is questionable. The project is expected to create 1,500 jobs and power 500,000 New York homes. New York Governor Kathy Hochul asserted that she would fight this notice but did not specifically indicate if she would pursue legal action.

## Authors


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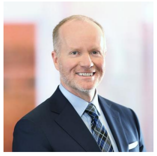
John Lushetsky draws on over 30 years of experience in government and industry to help clients identify strategic opportunities, secure federal funding, and position innovative technologies for success within evolving energy and infrastructure policy landscapes. He has successfully helped clients navigate complex issues through a variety of federal agencies.



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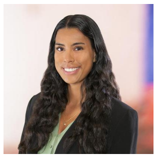

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