Energy & Sustainability Washington Update — June 2025

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In a pivotal month for energy and fiscal policy, House Republicans advanced their sweeping reconciliation package, narrowly passing the bill on May 22 by a 215-214 vote. The legislation aims to make permanent the expiring tax provisions of the 2017 Tax Cuts and Jobs Act while rolling back key elements of the Inflation Reduction Act (IRA), with clean energy tax credits taking a bigger hit than many had anticipated. Despite early signs of potential bipartisan concern — most notably a letter from 21 House Republicans expressing reservations about undermining energy incentives — support for clean energy did not materialize when it counted. The House action comes amid a flurry of activity across the executive branch, with President Trump issuing a series of executive orders to bolster the US nuclear sector and federal agency leaders laying out plans to reshape energy and environmental programs. As the bill moves to the Senate, where internal GOP divisions are already surfacing, it's unclear whether the more aggressive provisions will stick if the Senate opts for a more moderate path, leaving the broader Republican energy and budget agenda facing a critical political test.

Reconciliation Package Passes Through the House

On May 22, the House narrowly passed its reconciliation bill in a 215-214 vote, with one member abstaining. The legislation seeks to make permanent the lower tax rates established by the Republicans' 2017 Tax Cuts and Jobs Act, which are set to expire at the end of this year. What advanced was an amended package consolidating 11 separate bills previously approved by their respective committees. Notably, the measure includes significant revisions to tax provisions tied to the Inflation Reduction Act.

- **Clean Electricity ITC and PTC:** For those wishing to utilize the clean electricity production tax credit (45Y) and investment tax credit (48E), projects must begin construction within 60 days of the legislation's enactment. Additionally, to maintain eligibility to receive the tax credits, the projects must be operational by December 31, 2028. This is an accelerated timeline from the one originally proposed by the House Ways and Means Committee version of the bill, which had set a 2031 deadline. Projects failing to meet these requirements would no longer be eligible for the credits.
  - **Foreign Entities of Concern (FEOC) Restrictions** are now applied to these credits. After enactment of the legislation, the credit user cannot be a specified foreign entity. One year after enactment, facilities that begin construction cannot receive material assistance from a prohibited foreign entity. Two years after enactment, the credit user cannot be a foreign-influenced entity or make an applicable payment to a prohibited foreign entity.
  - **Immediate Elimination** of these credits for solar or wind residential or rural leases.
  - **Nuclear Carveout:** Eligible advanced nuclear facilities and expanded nuclear facilities are exempted from the 60-day beginning-of-construction requirements and instead must only comply with the placed-in-service deadline on December 31, 2028.
- **Nuclear Power Production Credit:** For 45U, the credit expires at the end of 2031.
- **Advanced Manufacturing Tax Credit:** For 45X, production occurring after 2031 will now no longer qualify — one year earlier than current law. In addition, under the legislation, wind-energy components cease to be eligible after 2027 — five years earlier than the IRA intended.
- **Clean Fuel Production Credit:** For 45Z, the credit's life is extended from 2028 to 2031. Under the legislation, feedstock must be sourced exclusively from the United States, Canada, or Mexico. Credits are denied if the producer becomes a prohibited foreign entity or foreign-influenced entity.
- **Carbon Sequestrating Credit:** For 45Q, the credit is maintained as originally written in the IRA, remaining until 2032.
- **Clean Hydrogen Production Tax Credit:** 45V is eliminated for new projects beginning after December 31, 2025.
- **Electric Vehicles Credits:** The Clean Vehicle Credit (30D), Used Clean Vehicle Credit (25E), Alternative Fuel Vehicle Refueling Property Credit (30C), and Qualified Commercial Clean Vehicle Credit (45W) are all eliminated for new projects beginning after December 31, 2025.
- **Energy Efficiency Credits:** The Energy Efficient Home Improvement Tax Credit (25C), Residential Clean Energy Property Credit (25D), and Energy Efficient New Homes Tax Credit for Home Builders (45L) are all eliminated for new projects beginning after December 31, 2025.

For all the credits listed above — except the Clean Electricity ITC and PTC, which have their own, more-stringent requirements — the following FOEC restrictions now apply: After enactment, the credit user cannot be a specified foreign entity. Two years after enactment, the credit user also cannot be a foreign-influenced entity — defined by if, during the taxable year, a specified foreign entity has the authority to appoint a board member, executive officer, or similar individual; if a single specified foreign entity owns at least 10% of the entity; if multiple specified foreign entities collectively own 25% or more of the entity; or if they together hold 25% or more of its debt. Furthermore, an entity will also be considered foreign-influenced if, during the prior taxable year, it knowingly, or should have known it, made payments — such as dividends, interest, compensation for services, rents, royalties, guarantees, or other fixed and periodic payments — either amounting to 10% or more of such payments to a single specified foreign entity or 25% or more in total to multiple specified foreign entities.

Beyond tax measures, the bill claws back unobligated IRA funds from both the Department of Energy (DOE) and the Environmental Protection Agency (EPA). Specifically, the bill eliminates unused IRA credit subsidy funding, which is a key source of funding for the Loan Programs Office (LPO). While the bill preserves existing loan authority, the rescission of the credit subsidy could have significant implications for the LPO's ability to administer its programs. It also removes a previously included — and controversial — provision that would have allowed the sale of small public land tracts in Utah and Nevada for development.

The legislation now heads to the Senate, where significant changes are expected. Republican leaders aim to pass the bill before the July 4 recess, though procedural and political hurdles could delay action beyond the mid-August deadline, which is tied to the recent $4 trillion increase in the federal debt ceiling.

With a 53-47 majority, Senate Republicans need at least 51 votes to pass the measure. However, several GOP senators have already expressed concerns. Senators Thom Tillis (R-NC), Lisa Murkowski (R-Alaska), John Curtis (R-Utah), and Jerry Moran (R-Kan.) have criticized the House bill's rollback of IRA tax credits as too aggressive. Others, including Senators Josh Hawley (R-Mo.) and Susan Collins (R-Maine), oppose the bill's proposed Medicaid cuts and have publicly stated they have "Medicaid red lines" they won't cross. On the opposite end, Senators Ron Johnson (R-Wis.), Rick Scott (R-Fla.), Mike Lee (R-Utah), and Rand Paul (R-Ky.) argue the bill doesn't go far enough in addressing deficit reduction, signaling that Senate Republicans must navigate divisions from both moderates and fiscal hardliners.

Trump's Executive Orders on Nuclear

On May 23, President Trump announced four Executive Orders (EOs) aimed at boosting the nuclear industry:

- "**Deploying Advanced Nuclear Reactor Technologies for National Security**" mandates the acceleration of development and use of advanced nuclear technologies by the federal government, including establishing a program for the use of nuclear energy at military installations and directing the DOE to designate sites for deploying these reactors.
- "**Reforming Nuclear Reactor Testing at the Department of Energy**" mandates the DOE to expedite the testing and deployment of advanced reactors through streamlined processes at National Laboratories and a new pilot program outside of them, with a focus on reaching operational status for qualified test reactors and at least three pilot program reactors within specific deadlines. Furthermore, the order requires the DOE to reform its environmental review procedures under the National Environmental Policy Act (NEPA) to remove barriers to reactor development.
- "**Reinvigorating the Nuclear Industrial Base**" emphasizes the critical need to address challenges like foreign dominance in nuclear reactor designs and a reliance on external sources for nuclear fuel. The order directs the Secretary of Energy to use the authority provided by the Defense Production Act (DPA) to seek voluntary agreements with domestic nuclear energy companies. These agreements are intended to facilitate cooperative procurement of LEU and HALEU and allow consultation to enhance spent nuclear fuel management (including recycling and reprocessing), ensure the availability of the nuclear fuel supply chain capacity, and expand the nuclear energy workforce.
- "**Ordering the Reform of the Nuclear Regulatory Commission**" directs the Nuclear Regulatory Commission to reorganize to "promote the expeditious processing of license applications and the adoption of innovative technology." A dedicated team of at least 20 officials will be created to draft new regulations.

Not all of this will ultimately prove realistic. For instance, the Trump administration called for 20 new Section 123 Agreements for Peaceful Nuclear Cooperation by 2028 when only 25 have been signed since 1954. The administration also set a goal of 10 new large reactors with complete designs under construction by 2030, when only two have been done in the last 40 years. Still these four EOs clearly shine a light on the administration's goals for nuclear and the potential for revitalizing this industry.

Agency Updates

Trump's recent executive actions align with statements made by Secretary of Energy Chris Wright during a DOE budget oversight hearing. Wright emphasized his strong support for using the DOE's Loan Programs Office to accelerate the deployment of nuclear energy projects. He also highlighted his top priorities, which include advancing US artificial intelligence capabilities, supporting the emerging geothermal industry, and streamlining the approval process for oil, gas, and coal projects. However, on May 15, the DOE **announced** that it would be reviewing 179 individual awards totaling over $15 billion, starting with those at the LPO, an initiative that may run counter to Secretary Wright's comments about using the LPO for nuclear.

During budget oversight hearings before both the House and Senate, EPA Administrator Lee Zeldin faced sharp questioning from lawmakers. Following President Trump's "**skinny budget request**," Zeldin announced plans to eliminate the EPA's Office of Atmospheric Protection — which oversees the **Energy Star program** — as well as the Office of Air Quality Planning and Standards. In their place, the agency will establish two new offices within the Office of Air and Radiation: the Office of Clean Air Programs and the Office of State Air Partnerships. When pressed about the future of Energy Star, Zeldin stated he is in discussions with several private entities to take over the program, arguing that since it is not mandated by Congress, the EPA has the authority to transfer its management. However, the privatization of the Energy Star program would still likely require congressional authorization.

Meanwhile, the confirmation process for key positions across federal agencies continues to progress. In May, several appointments were finalized.

At the DOE, the following were advanced out of the Senate committees: Jonathan Brightbill to be General Counsel, Tina Pierce to be Chief Financial Officer, Wells Griffith to be Undersecretary, Brandon Williams to be Undersecretary for Nuclear Security / Administrator for Nuclear Security, Dario Gil to be Undersecretary for Science, Kyle Haustveit to be Assistant Secretary for Fossil Energy and Carbon Management, Ted Garrish to be Assistant Secretary for Nuclear Energy, Tristan Abbey to be Administrator of the US Energy Information Administration, Matthew Napoli to be Deputy Administrator for Defense Nuclear Nonproliferation, Scott Pappano to be Principal Deputy Administrator of the National Nuclear Security Administration, Conner Prochaska to be Director of the Advanced Research Projects Agency – Energy, and Catherine Jereza to be Assistant Secretary of Electricity. Timothy Walsh has been nominated for Assistant Secretary of Environmental Management and Audrey Robertson has been nominated for Assistant Secretary for Energy Efficiency and Renewable Energy. A full chart reflecting everything we know about staffing within the DOE can be found **here**. The chart will continue to be updated as more information becomes available.

At the EPA, Jeffrey Hall was nominated to be Assistant Administrator for Enforcement and Compliance Assurance, and John Busterud to be Assistant Administrator, Office of Solid Waste.

For Interior, nominations for Ned Mamula to be Director, US Geological Survey, Brian Nesvik to be Director, US Fish and Wildlife Service, Andrea Travnicek to be Assistant Secretary for Water and Science, Leslie Beyer to be Assistant Secretary for Land and Minerals Management, and William L. Doffermyre to be Solicitor were all advanced out of the Senate committees.

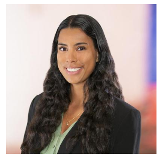
Authors

John Lushetsky, Senior Vice President

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.

R. Neal Martin, Senior Director of Government Relations

Neal Martin brings more than two decades of experience in government and federal relations to his work, helping clients navigate a wide range of issues. He provides strategic guidance to organizations seeking to advance their legislative priorities and enhance their visibility before Congress and federal agencies.



Myria Garcia, Manager of Legislative and Regulatory Affairs

Myria Garcia supports clients in achieving their policy objectives through legislative and regulatory engagement. She utilizes her experience working with congressional offices, government affairs teams, and advocacy organizations to pursue effective engagement strategies and has experience advising clients on federal financing applications.