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Washington Update: Sustainable Energy & Infrastructure — May 2026

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The May 2026 Washington Update highlights the administration's 2027 budget release and the opening of the congressional appropriations process. Secretary Wright's testimony to both House and Senate committees highlights potential sharp lines of debate between ensuring near-term supply for rapidly expanding electricity demand and affordability and support of renewables that will carry on for the rest of the year. At the same time, bipartisan momentum is emerging around targeted permitting reforms — particularly for geothermal energy — while broader reforms remain politically contested. Together, these developments signal a continued realignment of US energy and infrastructure policy with significant implications for industry stakeholders.

FY2027 DOE President's Budget Submission and Appropriations

On April 3, the White House released its fiscal year 2027 budget request, setting the stage for a month of intense scrutiny on Capitol Hill and continued debate likely into the fall. You can read our detailed analysis of the Department of Energy's budget request **here**.

Following the release, Secretary of Energy Chris Wright appeared before multiple House and Senate committees to defend the proposal. He fielded questions from both Democrats and Republicans on energy affordability, with sides disagreeing on whether the path to lower costs was with greater deployment of conventional generation or with renewables. Democrats also keyed on the administration's Section 202(c) actions to keep power plants running during winter conditions that strained the grid, passing costs to ratepayers.

Perhaps the most bipartisan moment of the hearings came around nuclear energy. Lawmakers on both sides of the aisle expressed enthusiasm for what Secretary Wright called a "nuclear renaissance," centered on Small Modular Reactors (SMRs) and micro-reactors. He predicted that several micro-reactors would go critical at Idaho National Laboratory by July 4, 2026 — a milestone that would mark the commercial viability of factory-built nuclear systems.

During the hearings, multiple Democratic members questioned the administration's decision to terminate $8 billion in energy grants in October 2025. Lawmakers pointed to court rulings and internal DOE documents suggesting the cancellations disproportionately affected "blue states" that voted against President Trump. Secretary Wright categorically denied that political considerations played any role, insisting that all 2,271 projects were evaluated on their business fundamentals and their ability to reduce energy costs for consumers.

Wright, however, confirmed that DOE will reinstate 18 projects canceled during the October terminations, restoring more than $660 million in funding, largely for projects in blue states. Most are housed at the Grid Deployment Office, including a $100 million award to Exelon for grid modernization, with battery manufacturing and fossil energy projects also being reinstated.

Across multiple committee appearances, Secretary Wright emphasized that the DOE has been put "back on mission," focusing on affordable, reliable, and secure energy rather than what he described as market-distorting subsidies for intermittent generation. His testimony made clear that the administration views energy policy not only as an economic issue, but as a foundational element of national security, global competitiveness, and grid reliability.

As Congress turns to the appropriations process, the formal budget request will serve as a starting point — one that Congress will likely deviate from. The prospects for passing a budget are also tenuous during an election year, where a multi-month or even full-year Continuing Resolution may be the path of least resistance.

Legislative Permitting Update

Permitting reform discussions gained momentum this month, with geothermal energy emerging as a rare area of bipartisan support even as broader negotiations remain strained. The House passed the HEATS Act (H.R. 5587), which would exempt certain geothermal projects on state and private land from federal drilling permits where federal subsurface ownership is limited. The House Natural Resources Committee also advanced the CLEAN Act (H.R. 1687), which would require annual geothermal lease sales on federal land, alongside a bipartisan Senate proposal (S. 4383) to centralize geothermal permitting under a new Interior Department ombudsperson to address inconsistent reviews across Bureau of Land Management offices.

Outside of geothermal, however, permitting debates remain contentious. Over Democratic objections, the House passed a **suite of bills** to expand expedited FAST-41 permitting for mining and energy projects and to amend the Clean Air Act to ease compliance and review requirements. Prospects in the Senate remain uncertain, as Democrats have declined to engage in broader permitting talks until the administration halts what Democrats describe as targeted actions against wind and renewable energy projects.

Looking Ahead

ML Strategies continues to closely monitor the policy areas outlined above, along with broader developments in the energy sector. We welcome the opportunity to connect. Please feel free to reach out with any questions or to explore potential opportunities.

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 S. Garcia