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Washington Update: Sustainable Energy & Infrastructure — June 2026

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Appropriations season is fully underway on Capitol Hill, with House lawmakers advancing a series of funding measures that collectively point to a more constrained fiscal landscape for clean energy and environmental programs while elevating support for critical minerals, nuclear energy, and traditional infrastructure priorities. While the Senate has yet to weigh in on their funding levels, the House mark sets an important point for further negotiations.

FY27 Energy Appropriations Bill

The House Appropriations Committee approved its Fiscal Year (FY) 2027 Energy and Water Development **bill**, which provides $50.4 billion for the Department of Energy (DOE), representing a modest reduction of $456 million from current levels. Within that top line, the bill reflects several notable shifts that underscore evolving congressional priorities.

Under the House bill, the Office of Nuclear Energy would receive an 18% funding increase, to $1.8 billion — a significant contrast against the President's Budget request of a 10% decrease versus FY 2026 levels. This includes the transfer of $2.6 billion in unobligated funds from the 2021 Infrastructure Investment and Jobs Act to support the deployment of Generation III+ small modular reactors and advanced reactor demonstration projects. The House bill would fund an additional $100 million in credit subsidy for small and advanced nuclear reactors for the Title 17 Innovative Technology Loan Guarantee Program, reflecting both congressional and administration interest in expanding next-generation nuclear capacity. However, the House bill keeps Title 17 administrative funding — necessary to run the program — at the same FY26-enacted level of $35 million, in contrast to the President's Budget request for a 69% administrative funding increase. This budgetary disconnect will need to be resolved if the Title 17 program is going to be fully utilized for nuclear and other priorities. Meanwhile, funding for DOE's Office of Science would increase by approximately 3%, to $8.5 billion, with a particular focus on advancing artificial intelligence initiatives. The top line is significantly increased from the President's Budget request of a 13% reduction.

The Office of Critical Minerals and Energy Innovation (CMEI), formerly known as the Office of Energy Efficiency and Renewable Energy, has been reorganized into four primary portfolios: critical minerals and manufacturing, energy generation, innovation and consumer affordability, and transportation technologies. The FY27 Energy and Water Development Appropriations **bill report** signals congressional intent for CMEI to shift its focus away from supporting renewable energy initiatives and toward advancing early-stage research and development investments in technologies related to critical minerals extraction and processing, as well as efforts to enhance grid resilience. The House bill puts CMEI funding at $1.85 billion, essentially flat from FY26 funding, though 65% above the President's Budget request.

For the newly created Hydrocarbons and Geothermal Office, the House bill would provide an 8% funding increase from FY26-enacted levels, versus a 4% funding increase called for in the President's Budget. For the Advanced Research Projects Agency – Energy (ARPA-E), the House bill would cut funding by 14%, to $300 million — less severe than the 43% cut proposed in the President's Budget.

Regarding the grid, lawmakers advanced a notable bipartisan amendment during the bill's markup directing DOE to assess and address the growing energy and water demands associated with data centers. The provision calls on DOE to evaluate a range of strategies to improve efficiency and to coordinate closely with federal and state regulators to ensure that impacts on grid reliability, ratepayers, and transmission infrastructure remain manageable.

FY27 Interior and Environment Appropriations Bill

Concurrently, the House Appropriations Subcommittee on Interior, Environment, and Related Agencies advanced its FY27 spending **bill**, with full committee consideration scheduled for June 3. The proposal includes an approximately 20% reduction in Environmental Protection Agency (EPA) funding, reducing the EPA's budget to roughly $7.02 billion. While significant, this reduction is less severe than the administration's proposed 50% cut. Within the EPA, the Science and Technology account would decline by 29%, to $527.9 million, while the Environmental Programs and Management account would be reduced to $2.29 billion.

The Department of the Interior would see a modest funding increase of roughly 2%, in part to allocate $1.54 billion to consolidate federal wildfire response efforts under a newly established interagency Wildland Fire Service. The bill also includes several provisions aimed at expanding domestic energy development on federal lands, including restrictions on new mineral withdrawals without congressional approval and establishing new inspection fees for offshore wind turbines. The proposed fee structure ranges from approximately $15,400 for visual inspections to $72,800 for physical inspections, signaling continued federal scrutiny of the offshore wind industry.

Both appropriations bills advanced along party lines, prompting strong objections from Democrats. As the appropriations and authorization processes move forward, the proposals are expected to be revised as lawmakers work to reconcile House measures with the more bipartisan Senate.

Surface Transportation Reauthorization

Also this month, the House Transportation and Infrastructure Committee released its **portion** of the Surface Transportation bill. With current authorization set to expire on September 30, the proposal serves as an initial negotiating framework ahead of bicameral reauthorization discussions.

Perhaps the most controversial provision of the bill is its proposal to impose an annual fee of $130 on electric vehicles and $35 on plug-in hybrids, with both amounts set to increase over time to as much as $150 and $50, respectively. The bill also includes several permitting reform measures aimed at streamlining project delivery. These provisions would expand eligibility for categorical exclusions (CX's) under the National Environmental Policy Act (NEPA) for projects with limited federal funding or lower overall costs, extend NEPA delegation authority, and allow states to take the lead in conducting environmental reviews.

Looking ahead, the Senate Environment and Public Works (EPW) Committee is expected to release its portion of the Surface Transportation bill in the coming months, with additional committees planning to engage later this year. This multijurisdictional process could present an opportunity to serve as a vehicle for broader permitting reform, a desire previously signaled by Senate EPW Chair Shelley Moore Capito (R-WV).

Leadership Updates

In the Senate, Kyle Haustveit was confirmed as Under Secretary of Energy, and former New Mexico Republican Representative Steve Pearce was confirmed to lead the Bureau of Land Management. Additionally, Douglas Weaver and David LaCerte were confirmed to continue serving on the Nuclear Regulatory Commission and the Federal Energy Regulatory Commission, respectively.

Looking Ahead

ML Strategies continues to monitor these developments closely, along with broader legislative and regulatory activity shaping the energy and infrastructure landscape. We welcome the opportunity to discuss how these evolving policies may impact your organization and to explore potential engagement strategies.

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.



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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.

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