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Washington Update: Sustainable Energy & Infrastructure — August 2026

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As Washington prepared for Congress's August recess, July brought consequential developments across federal energy, trade, infrastructure, and national security policy. The Department of Energy announced major new investments in domestic oil and natural gas production and selected the first 278 projects under the AI-focused Genesis Mission. The US Trade Representative imposed new Section 301 tariffs aimed at encouraging stronger international enforcement against forced-labor imports, while Congress and FERC intensified their focus on protecting ratepayers from the costs associated with rapidly expanding data center demand. The House also advanced the fiscal year 2027 National Defense Authorization Act, including provisions affecting advanced nuclear energy and critical minerals supply chains.

This month's newsletter summarizes these developments and the implications for companies operating at the intersection of energy, technology, trade, and national security.

Leadership Transitions

As the midterm elections approach, personnel changes across the Trump administration are likely to accelerate. In July, Department of Energy Chief of Staff Carl Coe announced that he would depart the agency after serving for more than a year as Secretary Chris Wright's top adviser. Deputy Chief of Staff for Policy Charlie Dankert will succeed him. Additionally, Peter Lake, a key architect of the administration's effort to expand electricity production to meet growing AI demand, is leaving his position with the White House National Energy Dominance Council at the end of July.

Other personnel announcements signaled progress on major administration initiatives. Brett Lambert was named executive chairman of VaultCo LLC, the public-private partnership responsible for implementing Project Vault. Lambert's appointment is an encouraging sign of progress, although VaultCo will likely require additional time to build its organization and begin executing the EXIM-backed initiative to strengthen US critical minerals supply chains and industrial resilience.

Executive Order Tightens Defense Critical Materials Sourcing

On July 20, President Trump signed Executive Order 14415, "Securing America's Defense Supply Chains and Ensuring Domestic Acquisition of Critical Materials." Beginning January 1, 2027, the order directs the Department of War to sharply restrict waivers that allow defense contractors to acquire certain covered materials from noncompliant sources. Contractors seeking a waiver will generally need to document exhaustive efforts to obtain compliant materials and submit a mitigation plan identifying the source, steps for removing it from the supply chain, and a firm implementation timeline.

The order also directs the Department to develop requirements for prime contractors and subcontractors at every tier to map critical supply chains from finished products back to raw-material origins, submit detailed bills of materials, vet suppliers for financial, manufacturing, and foreign-control risks, and address identified vulnerabilities. Contractors relying on an "unreliable foreign supplier" may be required to qualify alternative sources, with failure potentially affecting task orders, contract options, or existing contracts.

The bottom line is that defense contractors can no longer claim that critical minerals supply chain issues are not their problem. This will potentially bring significant opportunities for qualified domestic and allied suppliers. Importantly, the order expressly protects Project Vault and critical minerals projects supported by EXIM, the US International Development Finance Corporation, DOE, and other federal agencies.

DOE Funding Announcements for Fossil Energy

The Department of Energy announced two significant funding opportunities reflecting the Trump administration's increased emphasis on supporting domestic oil and natural gas production. The first was a **$150 million program** to boost unconventional oil and gas recovery, advance hydraulic fracture characterization, and demonstrate technologies for produced water management, an increasingly significant issue for wells in the Permian Basin and other unconventional production fields. Later in the month, DOE announced a second opportunity providing up to **$65.5 million** for research, development, and demonstration projects intended to strengthen domestic oil and natural gas production and delivery. Priority areas include converting stranded or underutilized resources into marketable products; upgrading pipelines, compressors, and storage infrastructure; and deploying AI-enabled monitoring systems to improve reliability and reduce costs. Applications for the two opportunities are due on September 8 and September 22, respectively. More information is available through the DOE website.

DOE AI-Driven Energy Investments

Also in July, the White House announced more than $5 billion in federal commitments across more than 15 agencies to expand the Genesis Mission. As part of the announcement, DOE selected the initiative's first 278 projects, spanning nuclear energy, critical mineral extraction, intelligent chip design, commercial fusion energy, quantum computing, and other scientific and engineering priorities. The selections include a three-year, $60 million project that will use AI to accelerate the delivery of nuclear facilities, improve safety, and reduce operating costs.

USTR Announces Section 301 Tariffs

The Office of the US Trade Representative (USTR) announced the highly anticipated Section 301 tariffs on 60 economies, finding that they failed to adequately prohibit or enforce a ban on forced-labor imports. Effective July 24, tariff rates are set at either 10% or 12.5% ad valorem. The applicable rate generally depends on whether an economy has adopted, committed to adopt, or partially implemented a forced-labor import prohibition, with specialized treatment for certain trading partners and product exemptions. The determination carves out exemptions for raw materials whose loss could threaten domestic supply availability or cause broader economic disruption, a category determined to capture certain rare-earth and critical mineral inputs not readily sourced elsewhere. The Section 301 actions provide the Trump administration with an alternative statutory basis for imposing tariffs following the Supreme Court's decision invalidating the administration's earlier use of the International Emergency Economic Powers Act (IEEPA) for that purpose. The new actions may nevertheless face legal challenges concerning USTR's use of Section 301 and the relationship between the identified trade practices and the tariffs imposed.

FCC Restricts New Foreign-Produced Power Inverters

In a separate development, the FCC added foreign-produced power inverters to its Covered List after an interagency national security review determined that the equipment could create cybersecurity and supply-chain risks to US critical infrastructure. The designation generally prevents new, foreign-produced inverter models from receiving the FCC equipment authorization required for importation, marketing, or sale in the United States. It does not affect previously purchased equipment or models that have already received FCC authorization. Manufacturers may request Conditional Approval from the Department of Homeland Security or Department of War by demonstrating that a specific inverter or class of inverters does not pose an unacceptable national security risk. The designation applies regardless of country of origin and extends beyond solar equipment to power inverters used with battery storage and other inverter-based resources.

Ratepayer Protection and Grid Reliability Dominate Discussion on Data Centers

Congress and federal regulators are converging around the principle that the costs of serving rapidly growing data center loads should not be shifted to residential and commercial ratepayers. FERC Chair Laura Swett told the Senate Energy and Natural Resources Committee that affordability amid surging power demand is a top Commission priority, pointing to recent FERC actions requiring grid operators to justify how they allocate infrastructure costs tied to large new loads. Commissioners from both parties voiced support for the agency's approach, while also urging Congress to advance permitting reform and expand authority for grid-enhancing technologies.

The House Energy and Commerce Committee moved in a similar direction, unanimously approving the bipartisan Ratepayer Protection Act, H.R. 9340. The legislation would require state public utility commissions to consider establishing standards under which large-load customers bear the full incremental cost of the generation, transmission, and distribution upgrades needed to serve them, together with appropriate financial assurances. The measure defines a large-load customer as a nonresidential customer with peak demand of at least 100 megawatts. The bill cleared the committee by a vote of 52-0.

Separately, Rep. Sam Liccardo (D-CA) confirmed he is developing his own data center legislation aimed at requiring large operators to bear the cost of the generation, transmission, and storage infrastructure for their energy needs, while also streamlining permitting and interconnection. Liccardo framed the effort as balancing affordability and reliability with the need to maintain US technological competitiveness.

National Defense Authorization Act Advances with Energy and Minerals Provisions

The House passed its FY 2027 National Defense Authorization Act, which includes provisions addressing rising electricity costs at military installations, support for advanced nuclear deployment, expanded domestic critical mineral processing and recycling, and improved Pentagon access to strategic mineral supplies. Members also adopted amendments touching geothermal development, mineral sourcing, and PFAS remediation. Despite House passage, enactment remains uncertain as the House and Senate confront substantial partisan and policy disagreements, including disputes related to the conflict with Iran.

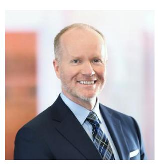
Looking Ahead

ML Strategies continues to monitor these developments and the broader legislative and regulatory activity shaping the energy and infrastructure landscape. We welcome the opportunity to discuss how these policies may affect your organization, identify emerging funding and market opportunities, and inform potential federal 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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