

Washington Update: Sustainable Energy & Infrastructure — October 2026

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September brought significant developments across congressional energy policy, data center regulation, infrastructure investment, and federal permitting.

House Democrats released a sweeping 253-page policy blueprint signaling a rhetorical pivot from climate-focused framing toward affordability and security, while state governors across the political spectrum moved aggressively to regulate data center development ahead of the midterm elections.

On Capitol Hill, the Ratepayer Protection Act cleared the House in an overwhelming bipartisan vote but stalled in the Senate, and bipartisan permitting reform negotiations accelerated with negotiators reporting progress on a potential deal.

Meanwhile, Project Vault reached a key milestone with \$1 billion in new private commitments, and DOE announced billions in funding for geothermal energy and grid modernization.

Finally, the much anticipated Senate permitting bill dropped on the last day of September, though further progress will wait until after the November elections.

House Democrats Chart New Energy Course with Sweeping Policy Blueprint

In early September 2026, the SEEC Institute released the [Thriving Economy Project](#), providing the first indication of Democrats' vision for economic and energy policy should control of Congress shift. Developed by the nonprofit arm of the SEEC Caucus in partnership with key House Democratic members, the report puts forward key domestic policy proposals.

Four of the report's nine chapters are devoted to energy, illustrating the very high profile of this area. Rather than leading with the climate-focused framing of the IRA era, the report emphasizes affordability and security, competing directly with Republican "energy dominance" messaging on cost and national security grounds rather than emissions.

Policy proposals that are likely to generate bipartisan support address modernizing nuclear licensing and geothermal permitting, targeted support for the national labs, expansion of critical minerals mining and processing, increasing the capacity of existing transmission lines, and addressing cybersecurity vulnerabilities. Proposals that are likely to attract opposition include:

- creation of an affordability reserve funded by windfall oil and gas profits;
- placing restrictions on LNG export approvals;
- requiring data centers using behind-the-meter power plants to use new clean energy and storage;
- restoration of many of the IRA tax incentives for homes, wind components, and EV purchases; and
- new domestic greenhouse gas fees or production standards as part of an emissions-intensity trade framework.

Notably, the report does not address larger issues of permitting reform, signaling that current debates on this topic may be settled sooner rather than later.

The report was chaired by Rep. Kathy Castor (D-FL-14) with energy chapters anchored by Reps. Levin (D-CA-49), Ross (D-NC-02), Whitesides (D-CA-27), and Casten (D-IL-06). Stakeholders should expect the report's language and proposals to resurface in energy, appropriations, and tax legislation in the next Congress, with the congressional leads serving as the natural sponsors and entry points for outreach on issue areas.

States Ramp Up Data Center Oversight Ahead of Midterm Elections

State governors across the political spectrum are moving aggressively to regulate data center development, driven by concerns over energy affordability and water use that have resulted in mounting public opposition leading up to the approaching midterm elections.

California Governor Newsom signed a package of seven data center bills on September 21 — including measures creating a special electricity rate for data centers and requiring energy, water, and environmental reporting — marking a notable reversal from his earlier veto of a water use disclosure bill.

Just days before, Nevada Governor Lombardo issued Executive Order [EO-2026-005](#) establishing the Nevada Standard for Responsible Data Center Development, which requires developers to cover all project-related costs and execute binding Community Support Commitments.

In Texas, Governor Abbott has escalated from pausing data center approvals in August to halting all data center–related permits.

Virginia Governor Spanberger signed an executive order implementing the Virginia Data Center Accountability Framework, banning nondisclosure agreements and expediting energy and noise regulations for the nation's largest data center hub.

New York remains the only state with a full moratorium on state permitting of hyperscale data centers.

While the specific policy approaches vary — from ratepayer protections and tax incentive rollbacks to reporting requirements and community benefits agreements — most governors are framing their actions as targeted guardrails rather than outright bans on development. It remains to be seen whether this is enough to quell voter concerns.

Ratepayer Protection Act Clears the House but Faces Uncertain Senate Path

Activity at the federal level to address data center concerns has been at a similarly high level.

The Ratepayer Protection Act (H.R. 9340) passed the House on September 16 in an overwhelming 417-3 vote, signaling broad bipartisan agreement that data centers should not shift energy infrastructure costs onto consumers. Sponsored by Reps. Gabe Evans (R-CO) and Kathy Castor (D-FL), the bill amends the Public Utility Regulatory Policies Act of 1978 to establish a federal standard requiring state regulators to “consider” — but not mandate — rules ensuring that large-load customers with peak demand of 100 megawatts or more cover the full, incremental costs of grid upgrades and provide financial assurances before those upgrades are implemented.

However, the bill stalled in the Senate on September 17 when Sen. Martin Heinrich (D-NM) blocked Sen. Jon Husted's (R-OH) attempt at unanimous consent, arguing the legislation “relies on a voluntary framework and fails to adequately protect American families.” Senator Heinrich has countered with his own proposal, the GRID Savings Act (S. 5199), which would give FERC direct authority to set binding rules on large-load interconnections — a key distinction from the Ratepayer Protection Act's state-level, discretionary approach.

Senate Majority Leader John Thune is expected to advance the Ratepayer Protection Act for a procedural vote this week, but its fate remains uncertain. Democrats are weighing whether the bill does enough in its current form and whether advancing it is worth handing a potential legislative victory to Senator Husted, who is locked in a tight reelection race against former Sen. Sherrod Brown.

Project Vault Moves Toward Operational Footing

Seven months after its [February 2026 launch](#), Project Vault — the [\\$12 billion initiative](#) to build a US Strategic Critical Minerals Reserve backed by a [\\$10 billion EXIM loan](#) — is [beginning to take shape](#). The most significant milestone to date came on September 23, when commodity traders [Glencore](#) and [Mercuria](#) each [committed \\$500 million to VaultCo](#) — the independent entity standing up the reserve. This marked a key step from financial planning toward physical procurement. [Announced during the UN General Assembly](#) in New York, the commitments position both firms to begin sourcing and delivering critical minerals into the reserve.

Support around VaultCo is being designed to make it more than a static stockpile. [Chairman Jovanovic has described](#) a structure in which VaultCo would handle both raw and processed materials.

Manufacturers would be allowed to pull material, send it for processing, and return the refined product — keeping commodity exposure within the system while generating demand signals for domestic refining capacity.

Important details remain unresolved, however: the specific conditions under which firms can draw from the reserve have not been fully specified, and questions remain around congressional codification, sourcing rules, and whether EXIM is the right long-term institutional home for a program of this scale. Policy advocates have also begun calling for the Project Vault model to be extended to address the nation's critical grid equipment shortage through a proposed companion initiative, though whether the model is transferable remains to be seen.

DOE Awards for Geothermal Energy and Grid Modernization

The Department of Energy made a series of significant funding announcements in September targeting both geothermal development and grid infrastructure. On September 21, DOE **announced over \$99 million for 21 projects** to advance US geothermal energy, including five **enhanced geothermal systems (EGS) field tests** to validate next-generation technologies under real-world conditions and 16 exploration drilling projects to characterize promising geothermal resources. Data from these projects will be made publicly available through DOE's **Geothermal Data Repository** to benefit the broader industry.

Earlier in the month, DOE's Hydrocarbons and Geothermal Energy Office **awarded \$1.2 million to eight regional teams** under Phase 2 of its **Partnerships to Accelerate Training and Hiring for Geothermal Heat Pumps (GHP PATHs) Prize**, aimed at building a skilled workforce for geothermal heat exchange systems and shallow drilling.

On the grid side, DOE's Office of Electricity **announced on September 24** its intention to fund **31 grid improvement projects across 26 states** through the SPARK initiative, totaling **\$5.25 billion** — \$1.9 billion in federal funding and \$3.35 billion in recipient cost-share — to reconductor or rebuild over 1,500 miles of transmission lines and deploy grid-enhancing technologies across nearly 21,000 miles, unlocking more than 23 gigawatts of additional electricity capacity. SPARK draws on funding Congress provided in the bipartisan Infrastructure Investment and Jobs Act (IIJA), which President Biden signed in 2021. The Trump administration has continued the program, renamed as the third funding round of the IIJA's Grid Resilience and Innovation Partnerships (GRIP) Program. That continuity suggests grid modernization may remain an area of bipartisan agreement.

Senate Negotiators Introduce Bipartisan Permitting Reform Agreement

Bipartisan Senate negotiations on comprehensive permitting reform reached a major milestone on September 30 with the introduction of the Bipartisan American Affordability and Jobs Act of 2026. Senators Martin Heinrich (D-NM), Mike Lee (R-UT), Shelley Moore Capito (R-WV), and Sheldon Whitehouse (D-RI) — the chairs and ranking members of the Senate Energy and Natural Resources and Environment and Public Works Committees — announced an agreement intended to accelerate federal environmental reviews, strengthen certainty for permitted projects, and expand the nation's electric grid. The legislation — totaling 62,400 words — translates months of negotiations into a comprehensive proposal, although the window for enactment this Congress remains narrow.

The package combines changes to the National Environmental Policy Act, Clean Water Act, National Historic Preservation Act, and Endangered Species Act with extensive transmission reforms and targeted provisions for renewable energy, geothermal, hydropower, offshore energy, and mining. Its breadth reflects the underlying bipartisan bargain: more predictable environmental review and litigation procedures alongside measures to facilitate energy deployment and protect projects from subsequent federal interference. The bill also includes significant requirements intended to prevent data center electricity demand from shifting incremental infrastructure costs to other ratepayers.

The sponsors emphasized complementary objectives in announcing the agreement. Senator Heinrich highlighted faster decisions, environmental safeguards, Tribal consultation, and protection of households from data center grid costs. Senators Lee and Capito stressed infrastructure development, reliability, jobs, and economic growth, while Senator Whitehouse emphasized clean energy and affordability. Their statements position the package as a compromise intended to attract support across energy technologies and party lines.

For energy and infrastructure stakeholders, the introduction is a meaningful breakthrough. The combination of permitting, litigation, transmission, and project-certainty provisions could change development timelines, financing risk, and the allocation of grid costs. The package's prospects will depend on whether lawmakers can resolve outstanding issues and preserve the negotiated balance through stakeholder review, amendments, and consideration in both chambers.

House Natural Resources Committee Chairman Bruce Westerman (R-AR) welcomed the announcement as an encouraging step and expressed interest in continuing work with the Senate negotiators and the administration. His response signals an opening for House engagement but does not establish agreement on the bill's detailed provisions or a timetable for passage.

Looking Ahead

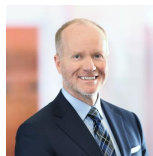
ML Strategies continues to monitor these developments and the broader legislative and regulatory activity shaping the energy and infrastructure landscape. We welcome the opportunity to discuss how these policies may affect your organization, identify emerging funding and market opportunities, and inform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



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.

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