



## Ascend Analytics' View on the One Big Beautiful Bill (OB BB), Part 2

July 9, 2025

### Key Takeways

- The One Big Beautiful Bill signed by President Trump preserves a long runway for storage, nuclear, and geothermal while imposing a rapid phaseout for solar and wind projects that cannot safe harbor within the next year.
- President Trump issued an executive order on July 7, 2025 aimed to severely restrict safe harboring, though it is unclear what will be proposed and whether it will withstand legal challenges.
- The clean energy industry should not expect federal clean energy policy to become any more favorable than the OB BB until at least 2029.
- There will likely be a run on clean energy and high voltage equipment through H1 2026 as projects race to safe harbor tax credits.
- Clean energy prices will not increase 1:1 with the reduction in tax credits, with cost reductions coming from increased supply, reduced demand, and lower transaction costs.
- Clean energy demand from state policy and corporate offtake will remain robust, regardless of federal energy policy, and clean resources will be needed to meet near-term demand growth.
- Ascend's 5.2 forecasts were already generally consistent with the OB BB.

### What Provisions Does The OB BB Have for Clean Energy?

Based on Ascend's review of the OB BB, tax credits were preserved for solar and wind projects that begin construction within one year of enactment (i.e. by July 4, 2026) or are placed in service by the end of 2027. Tax credits were eliminated for projects that do not meet these deadlines. A proposed excise tax on projects using Chinese components was removed. Green hydrogen projects would require start-of-construction by the end of 2027 to be able to qualify for a \$3/kg production tax credit.

Tax credits for storage, nuclear, and geothermal are returned to their original timelines, but with a firm sunset instead of a 'later of' condition around national carbon emissions reductions that would likely not have been realized for decades at least. The firm sunset would include full tax credits for projects starting construction through 2033, phasing down to 75%, 50%, and 0% from 2034-2036.

While Ascend has not performed a detailed review of the specific foreign entity of concern (FEOC) language in the final amended bill, several reports have indicated that the updated requirements are seen as manageable, with threshold requirements based on percentage of costs incurred by FEOC supply. A deeper analysis of the FEOC rules has been published by [Norton Rose Fulbright](#).

## How Final is Final?

Despite razor thin margins in both the House and the Senate, **the Senate version of the bill passed the House without changes, as Ascend Analytics expected.**

**Federal policy is unlikely to become more supportive of clean energy unless/until there is a change of power in both the executive and legislative branches (i.e. 2029 at the earliest).** While Congress has a history of bipartisan extensions to wind and solar tax credits before they expire, the political winds appear to have sufficiently shifted that future extensions are unlikely to be agreed to by congress, and even if they were passed out of Congress, they would likely be vetoed by President Trump. In the event of Democratic control of the House, Senate, and Presidency in 2029, clean energy tax credits would likely be restored to IRA-levels, though they would be at risk of being overturned by a future Republican administration, creating persistent policy and investment uncertainty.

## What are the Implications of the OBBB?

**There is likely to be a rush to safe harbor projects during H1 2026 for projects with CODs extending through 2030,** assuming the four-year safe harbor timeline and 5% expenditure provisions are maintained. This will likely lead to a run on solar panels, wind turbines, and high voltage equipment, pushing equipment prices up. Larger, well-capitalized developers will be better positioned to absorb the costs and risks of front-loading their inventory and financing. Because equipment delivery must be taken within 3.5 months for expenditures to count for safe harboring, equipment availability will be a critical constraint on the ability to safe harbor projects.

**President Trump's July 7, 2025 Executive Order will create uncertainty for safe harboring that may end up getting decided by courts.** Over the weekend, several reports emerged that Republican representatives had received assurances from the Trump administration that restrictions would be put in place that would limit the ability for solar and wind projects to claim tax credits. These measures were laid out in President Trump's July 7 Executive order directing the Department of the Treasury to issue new and revised guidance on the 'beginning of construction' and the Department of the Interior to review and eliminate any 'preferential treatment to wind and solar facilities' within 45 days (i.e. by mid-August 2025). However, the OBBB legislative text specifically states that 'beginning of construction' will be defined using rules similar to what was in effect on January 1, 2025 and references IRS Notices 2013-29 and 2018-59, both of which include the 5% expenditure condition for safe harboring. If the treasury guidance substantially deviates from these past IRS Notices, legal challenges will be likely with the ultimate outcome to be settled in the courts.

**While renewable energy prices will rise as tax credits sunset, the increases are likely to be substantially less than 1:1 with the removal of the tax credits, softening some of the impact of the tax credit phaseout.** As demand for clean energy equipment softens without the tax credits, equipment and EPC prices are likely to decline. The expiration of tax credits will also make FEOC restrictions irrelevant, likely pushing price declines even further as developers become free to pursue lowest-cost equipment, which may be Chinese in origin. The removal of the transaction costs associated with tax equity financing and tax credit transfer sales will also eliminate some project costs.

**State/local policy and voluntary corporate offtake demand will be the most important drivers for clean energy moving forward.** While the levelized cost of energy from solar and wind is likely to still be competitive with thermal generation, their limited contribution to reliability and resource adequacy as their ELCC declines will put them at a disadvantage in capacity markets and resource

planning after the initial buildout phases. The good news for the clean energy industry is that roughly half of US demand is located in states with binding legislation for 100% clean energy and/or net-zero emissions. Moreover, many of the tech companies that are driving datacenter load growth remain committed to clean energy, even if emissions are taking a back seat to speed-to-market in the near-term. Additionally, clean energy resources are the only viable options for meeting near-term demand growth. While increased costs may dampen or delay state and corporate clean energy goals, clean energy demand will remain robust regardless of federal policy.

Before the IRA created a tax credit for standalone storage, storage was able to qualify for the ITC when part of a hybrid project with solar generation. Similarly, creative lawyers and accountants may be able to find ways to wrap solar and wind projects under a storage ITC, although the storage would likely need to be significantly oversized relative to the renewable resource in order to ensure that all of the renewable generation goes into charging the storage. Additionally, Ascend's risk analytics have shown that solar+storage project owners can sell on-peak power forwards with minimal financial risk, providing reliable revenue that can be used to secure debt financing.

## How will this Impact Ascend's Long-Term Price Forecasts?

**The OBBB aligns relatively closely to what Ascend was already assuming in its 5.2 forecast releases.**

Ascend was already assuming a firm tax credit sunset that phased out for projects coming online by the early 2030s, although Ascend was not anticipating the split timelines for renewables and storage. With the OBBB likely to drive accelerated safe-harboring for these projects, the overall forecast impact is likely to be small relative to what was already being assumed for 5.2 releases, although RA prices in CAISO and price volatility in other markets will be somewhat lower due to the extended storage ITC.

Relative to Ascend's older 5.1 releases, which assumed a much longer runway for renewable tax credits, the earlier phaseout of solar and wind tax credits will lead to modestly lower renewable penetrations and price volatility and modestly higher average prices in states without clean energy mandates. In states with clean energy mandates, the primary change is an increase in REC prices.

**While policy evolution can never be known with perfect foresight, forecasts should adhere to a view on the most probable future, which is unlikely to be the same as the status quo.**

## Contact us

If you have questions, contact your Account Manager or email us at [MarketIntelligence@AscendAnalytics.com](mailto:MarketIntelligence@AscendAnalytics.com).

## About Ascend Analytics

Ascend Analytics is the leading provider of market intelligence and analytics solutions for the power industry. The company's offerings enable decision makers in power development and supply procurement to maximize the value of planning, operating, and managing risk for renewable, storage, and other assets. From real-time to 30-year horizons, their forecasts and insights are at the foundation of over \$50 billion in project financing assessments. Ascend provides energy market stakeholders with the clarity and confidence to successfully navigate the rapidly shifting energy landscape. Visit us at [ascendanalytics.com](http://ascendanalytics.com)