Part 1: Impact On Energy Industry

ANALYSIS OF THE OBBB

Philip Uwechue, MP, PHX Energy

Introduction:

- The House-passed OBBBA would extend the major provisions of the 2017 Tax Cuts and Jobs Act, which are set to expire at the end of 2025. It would reduce non-military government spending and would significantly cut spending on the Supplemental Nutrition Assistance Program (SNAP) and Medicaid through stricter eligibility requirements. It would also allocate an additional $150 billion for defense spending; scale back many of the Inflation Reduction Act's clean-energy tax credits; extend the state and local tax (SALT) deduction cap, which is also scheduled to expire in 2025; and increase the SALT deduction cap from $10,000 to $40,000.
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Impact On Energy Industry

Fig1: An Image of a Nuclear Power Facility

The One Bill Beautiful Bill as passed by the US House Representatives May 2025 and now working through Modifications in the Senate proposes several changes to Energy Policy Investment and Consumer Incentives.

In 2021, 46th President of USA, President Joe Boden, passed the Inflation Reduction Act with bi-partisan support. This bill was designed to Spur Investment into USA Infrastructure (Transport, Energy, Communications). For example It is estimated that the IRA provided about $30 Billion I'm grants for Residential Solar and Wind Installations.

Electric Vehicle Tax Credits:

The OBBB proposes to eliminate the one time $7500 tax credit granted those who purchased EV. In addition a $250 annual fee is charged which would amount to an additional $1500 over six years. Most car notes have a 3-5 year loan period. If both are added that's an additional $9000 added to the ownership costs. This could impact consumer behaviour as the cheap EV becomes less attractive.

Renewable Power Industry:

The OBBB proposes eliminating Tax Incentives granted to the Residential Solar Consumers, OEMs and Service Providers and this could be as early as September 2025. Here is a summary:

a. Residential Rooftop Solar:

Total repeal of the 30% Residential Clean Energy Credit (covers solar, geothermal, wind) that was extended under the IRA .

Rental and lease-backed residential systems lose their incentives .

Senate versions are negotiating to soften removal—but pledge strong phase-out within House timelines.

b. Utility-Scale Solar & Wind:

Push to end the ITC/PTC early, shifting from “beginning of construction” to “placed-in-service” rules, effectively blocking delayed projects.

Senate draft suggests a graduated phase-out, cutting credits to 60% in 2026 and zero by 2028, but retaining full credits for nuclear, hydropower, and geothermal until around 2033.

Geothermal:

Retains some geothermal incentives: Senate would extend but eventually phase them out by 2033–36 .House version likely eliminates broader clean energy subsidies without carve-outs.

Conclusion:

Renewables are labeled “economically unviable” and contributing to grid instability, with a shift toward fossil/nuclear baseload energy. While it is true that Renewable Energy Providers which includes Manufacturers and Service Providers are dependent on these Subsidies for their very Survival, and that after over 10 years of massive Subsidies to the Sector it makes sense to weed out these Enterprises. At PHX Energy, we believe firmly in the Electrification of the Energy Industry as a whole, and see a few Opportunities Mainly Outside USA.