

# ENERGY LEADERSHIP IN A TIME OF NEED: A BLUEPRINT FOR STATES

The passage of the One Big Beautiful Bill Act (OBBBA) has shocked the U.S. economy, which was experiencing record investments in new affordable energy projects, improving home and business access to efficient products, and supercharging domestic clean manufacturing. Energy Innovation projects the energy provisions in the OBBBA will cost American households and businesses \$170 billion in higher energy bills, shrink U.S. GDP by \$1.1 trillion, and cost 790,000 jobs by 2035.

This Blueprint for States provides a starting place for state policymakers to develop rapid responsive strategies lead where the Federal government has failed. Our Blueprint shows how, regardless of budgetary flexibility, states can take immediate action to continue attracting private-sector investments, deploying lower-cost clean energy, protecting U.S. households from rising costs, and restoring economic opportunities for their constituents.

## NO-REGRETS ACTION 1: ACCELERATE NEAR-TERM SOLAR AND WIND PROCUREMENT

The One Big Beautiful Bill Act (OBBBA) specifically made several changes to the technology-neutral clean electricity investment tax credit (ITC) and production tax credit (PTC). These tax credits have been central to bringing the price of wind and solar down such that they are now widely available and have been the cheapest available source of electricity. The loss of these tax credits will slow down wind and solar deployment, forcing developers to rethink contracting and financing arrangements under new terms. These cancellations and higher costs risk increasing electricity prices and hamper efforts to quickly meet growing electricity



demand. To mitigate these impacts, states can take swift action to accelerate projects to capture time-limited federal tax incentives.

The legislation terminates the ITC and PTC for wind and solar projects after December 31, 2027, but if projects begin construction by July 4, 2026, they will be eligible for “[safe harbor](#)”, meaning they will still be able to qualify for tax credits. Projects that begin construction between July 4, 2026 and December 31, 2027, must however be placed in service before the end of 2027 to qualify. Updates were also made to projects’ ability to use components originating from a “foreign entity of concern”, based on a to-be-determined definition. Guidance on this should become available from the U.S. Department of Treasury on August 18, 2025, according to a [recent executive order](#) that directs Treasury to clarify the definition of “begin construction” as well as the FEOC-related provisions.

Despite these changes, wind and solar will continue to be the cornerstone of an affordable electricity mix. Accelerating the deployment of projects in the short-term is essential to meeting states’ electricity needs, while working long-term to smooth the path for these projects and bring their costs down even without tax credits. Wind, solar, and storage made up [93 percent of new energy installations in the United States in 2024](#), and have continued apace in 2025. They also represent [the majority of planned projects](#). Utilities have [nearly 140 gigawatts \(GW\)](#) of new wind and solar projects in their plans by 2030, and these projects are planned largely to help meet growing electricity load, which is estimated to see peak capacity needs [grow 128 GW by 2029](#).

By accelerating procurement of these resources that are already planned and in process, states can help get these resources online before the tax credits expire and make sure they get the best deal possible for their residents. It’s important to take advantage of these tax credits while they are still available and it’s crucial to get these projects built to meet the nation’s electricity demand. Because the gas-fired power plant supply chain is severely restricted, solar and wind are the cheapest new energy resources and the fastest ones to build. Importantly, tax credits for nuclear energy and battery storage are still in place at their full level through 2033, with an additional 10 percent adder for advanced nuclear projects. Policymakers have several options to accelerate projects, including smoothing permitting and review procedures and making sure that projects already undergoing various phases of development move through approvals in a timely manner to meet deadlines. An overview of how state policymakers can accelerate procurement ahead of the very short-term tax credit deadline is below, while policies focused on continued deployment of clean energy projects are addressed in “Reducing Barriers to Clean Energy”.

Policy Action	Policymaker	Impacts State Budget?
Temporarily accelerate permitting processes for shovel-ready wind and solar projects and projects that have already been identified through utility planning and procurement processes, to support those projects’ ability to qualify for federal tax credits.	Governor, legislature, utility regulators, siting board, department of environment	No

Policy Action	Policymaker	Impacts State Budget?
Accelerate and expand current contract solicitations for wind and solar projects, and approve cost-competitive resources identified in integrated resource plans.	Utility regulators, utilities	No
Convene agencies, utilities, and other permitting entities to work through pending project approvals and be accountable to project timelines.	Governor, energy office	No
Where possible, direct state-led procurement to provide developers certainty in energy offtake agreements.	Governor, legislature, general services agency	No
Encourage all-source procurement requests for proposals and information to identify opportunities to save money with near-term clean energy deployment.	Utility regulators	No

#### Additional resources:

- [Federal Energy Tax Credit Resources for States: Time Sensitive Actions States Can Take to Spur Investment in the Near Term, July 2025](#) (State Support Center, S2 Strategies)
- [Colorado Governor Polis Announces New Actions for Coloradans to Access Money-Saving Clean Energy Resources and Accelerate Clean Energy Infrastructure](#) (Colorado Governor's Office)
- [Utah code that waives certain solicitation requirements on a time-limited opportunity that provides value to customers of an affected electric utility](#) (Utah State Legislature)
- [American Clean Power comments to California Public Utilities Commission to expedite procurement in accordance with availability of tax credits](#) (American Clean Power)
- [NextEra earnings call presentation delineating cost and timelines of renewable energy versus natural gas energy](#) (NextEra)
- [California Public Utilities Commission guidance on fast tracking decisions to expedite approval of projects that could take advantage of American Recovery and Reinvestment Act funding](#) (California Public Utilities Commission)

Energy Innovation has policy experts to help state policymakers go deeper into which policies can best accomplish their state goals. Contact us: [power@energyinnovation.org](mailto:power@energyinnovation.org)