



ENERGY

The “One Big Beautiful Bill Act”: Reshaping Clean Energy and its Implications for Developers, Operators, and Suppliers Within the US

Introduction: A New Policy Era for Clean Energy

The newly enacted “One Big Beautiful Bill Act” (OBBBA) has quickly rewritten the script on the US energy tax credit landscape. Signed into law on July 4, 2025, the bill introduces broad updates and new eligibility rules for production tax credits (PTCs), investment tax credits (ITCs), advanced manufacturing, hydrogen, carbon capture, and clean fuels.

A key feature of OBBBA is a strong emphasis on US domestic content and supply chain security, including strict limitations on economic relationships with “Foreign Entities of Concern” (FEOCs). With many of the operational rules to be defined by Treasury guidance (with some not required until the end of 2026), a nimble approach will be crucial for navigating the regulatory considerations, including the guidance required via the Executive Order issued on July 7, 2025, which promised guidance on or before August 21, 2025.



OBBBA's changes include:



Accelerated Sunset of Clean Electricity Credits

Long-standing incentives such as the Clean Electricity ITCs and PTCs (Sections 48E and 45Y) for wind and solar are phased out earlier; projects must begin construction by July 4, 2026, be in service by 2027 or lose eligibility.



Shortened Timeline for Hydrogen and Manufacturing Credits

Elimination of 45V, credits for any new clean hydrogen projects that begin after 12/31/2027 and expiration of 45X on 12/31/2027 credit to produce wind energy system components.



Full Elimination of Consumer and EV Credits

EV-related credits, charging infrastructure, and energy efficient home improvements are fully eliminated (EVs by 9/30/2025; solar/homes by 12/31/2025; chargers by 6/30/2026).



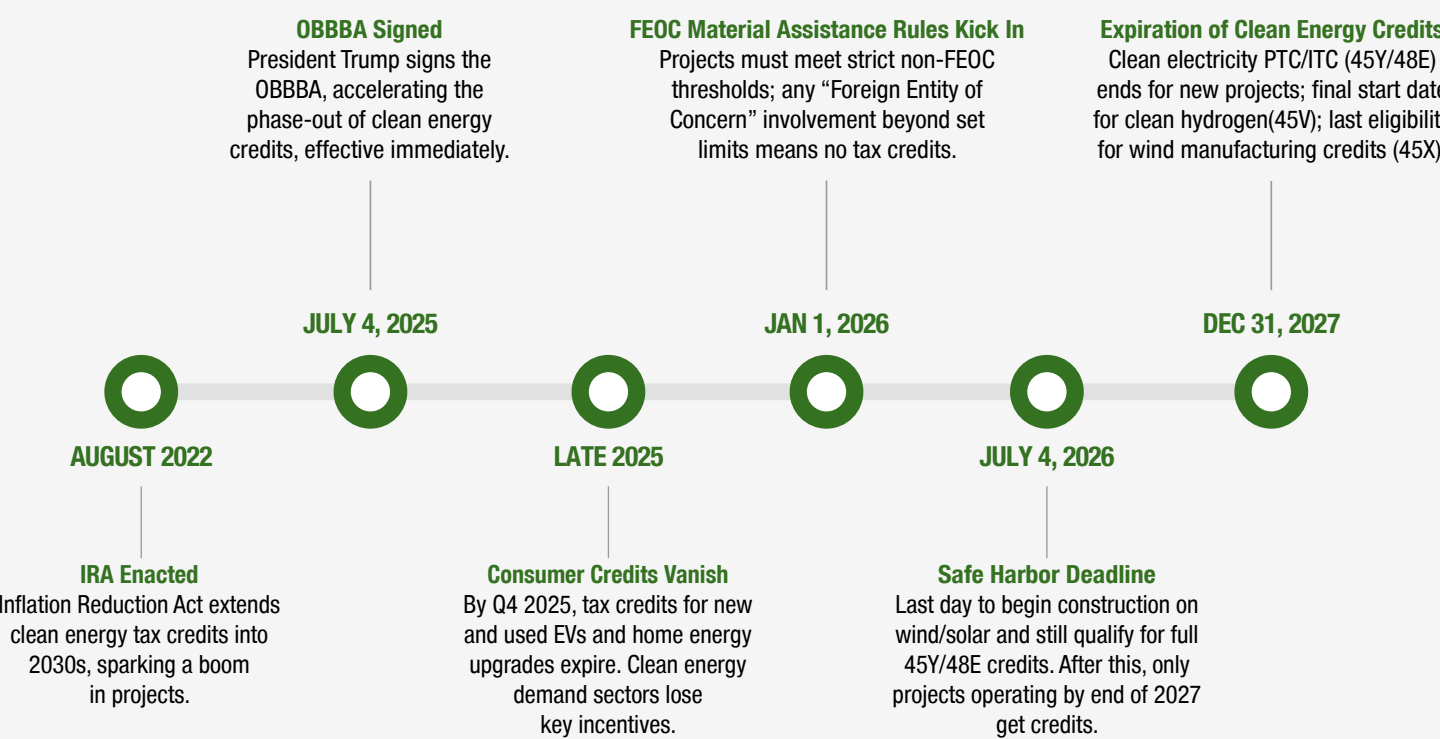
Foreign Entity of Concern (FEOC) Restrictions

FEOC rules threaten to disqualify projects with foreign country-linked components, forcing potentially costly supply chain shifts. Developers and OEMs must audit and revamp sourcing to ensure eligibility.



The impact is a material and extraordinarily uncertain reconfiguration of the investment landscape. We expect the already anxious capital to flow even more selectively, prioritizing markets with strong state and local-level support, defensible asset portfolios, and robust operating models. Developers, EPC contractors, suppliers, and operators must rethink their strategies through a lens of capital efficiency, operational discipline, long-term value creation, and strategic consolidation. This new era of renewables will require companies to ensure long-term endurance across their business models and operations.

Over the long term, this will lay the foundation for a more resilient industry, accelerating consolidation and improving operational discipline and performance. But, in the short-term, for those who thought the storm clouds were still on the horizon, it's clear that the storm has made landfall.





Strategic Implications by Stakeholder

These sweeping changes in the OBBBA reverberate well beyond project developers and operators. They have direct, material consequences for every member in the clean energy value chain. Many vendors, OEMs, EPC contractors, and service providers must now recalibrate their strategies amid shifting demand, reduced tax credit-fueled spending, and heightened customer risk.

As project economics are reset and the development funnel compresses, vendors will increasingly be evaluated not only on price and technical performance, but on their ability to support customers navigating constrained capital, volatile policy, and increasingly selective investment committees. In this new environment, agility, transparency, and alignment with counterparties will be essential.

- **For Developers:** The construction commencement deadlines for 45Y/48E credits can introduce enormous pressure on project readiness and pipeline feasibility, while the elimination of 45V (hydrogen) and changes to 45X (domestic manufacturing) reshape the financial viability of some projects.
- **For Operators and Asset Owners:** They must now deliver consistent performance with fewer and more stringent government subsidies. The compressed economics and restricted liquidity require operators to squeeze more value from operating portfolios, rationalize unnecessary overhead, and reassess O&M scope.
- **For Vendors, OEMs, and EPCs Contractors:** Supplying clean energy components, such as solar panels, inverters, batteries and electrolyzers, the impact of tax credit rollbacks is both direct and indirect. Reduced visibility in end-market demand may lead to customer renegotiations or project deferrals.

At the same time, these firms must navigate evolving FEOC compliance requirements for both their own 45X tax credits and their customers for the 45Y/48E credits, which are expected to increase costs and administrative burden. This challenge is compounded by a nascent domestic manufacturing ecosystem still finding its footing amid policy and market uncertainty.

- **For Investors and Tax Equity Holders,** expectations must be recalibrated to account for a prolonged market trough. With new restrictions on tax credits and a shrinking pool of eligible projects, the premium once associated with tax-advantaged assets is likely to erode. As a result, underwriting standards will tighten, and capital deployment will become more selective. It also remains to be seen how the tax credit insurance market will view risk relating to begin construction and FEOC under the OBBBA.



A&M's Role: Strategy, Structure, and Execution

Alvarez & Marsal brings proven expertise across the clean energy ecosystem, offering:

Business Plan Review

- Re-establish the business plan, emphasizing a strong core, stable margins, and efficient structures.
- Conduct a thorough review of financial projections, focusing on liquidity and capital structure.
- Implement tools to run scenario analyses and risk assessment and management.



Performance Improvement

- Develop internal fact base (corporate model, G&A model, roster, invoices, current cost reduction efforts, etc.).
- Leverage A&M's proprietary renewable "PeerView" database to clearly understand competitive position and cost base.
- Drive rapid cost reduction and operating model redesign using functional experts to create detailed, organization-wide savings plans.



Transaction Support

- Technical and operational due diligence of targets to validate investment thesis or detail opportunities for improvement.
- Review projects or assets for tax credit eligibility, compliance to new FEOC imposed domestic content or critical mineral thresholds.
- Transition and integration planning along with synergy assessment and realization.



Liquidity Management

- Review existing or implement a dynamic 13-week cash flow forecasting processes.
- Identify drivers to improve near-term liquidity position and maximize runway.
- Evaluate current state of working capital cycles with focus on trade relationships.
- Directly assisted with supplier management and negotiations (if requested).



Capital Optimization

- Evaluate project or company capital structure alongside revamped business plan and liquidity map.
- Create project or company level capital restructuring plan.
- Assist with stakeholder engagement, ongoing assessment of risks, opportunities, and strategic alternatives available to company and its stakeholders and lenders.



Tax Support

- Quantify risk tied to credit eligibility and supply chain limitations that must be considered.
- Review transferability options and credit monetization strategies.
- Prepare strategies to maximize tax credits and ensure compliance with FEOC regulations.



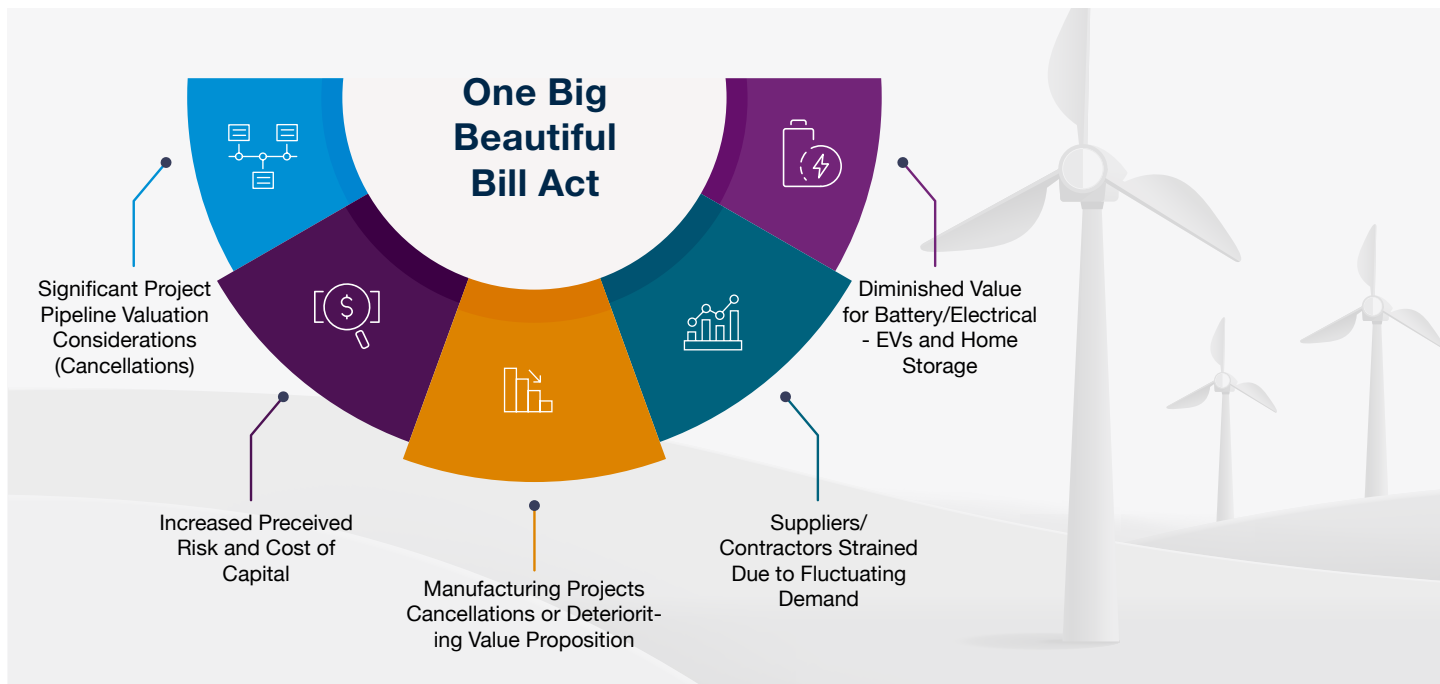
Conclusion: A Moment of Reckoning and Reinvention

The rollback of clean energy tax incentives represents both a challenge and an opportunity. Developers and investors must recalibrate around the new policy regime, but those who digest the new realities for the tax incentives and adapt with speed and clarity through disciplined execution, informed decision-making, and a relentless focus on value will be well-equipped in the next phase of the energy transition.

OBBBA Clean Energy Tax Credit Table¹

Code	IRA (Pre-OBBBA)	OBBBA (Enacted 2025)	FEOC Rules
45Y and 48E – Clean Electricity PTC/ITC (Wind and Solar)	Qualifying through at least 2032; emissions-based phaseout	Must begin construction by 7/4/26 to be eligible for full credit, or be in service by 12/31/27	40%→60% non-FEOC (2026–29) (higher for energy storage), no FEOC ownership/assistance
45Y/48E – Other Zero Emission (geothermal, hydro, storage, nuclear)	Construction by 2033, phaseouts 2034–35	No change	FEOC/content requirements apply: 40%→60% non-FEOC by 2030
45X – Solar, Batteries, Critical Minerals	Through 2029 (phaseout by 2033); no phaseout for critical minerals	Timeline unchanged generally; new phaseout for critical minerals	PV: 50→85% non-FEOC (2026–29), Batteries: 60→85% non-FEOC (2026–29); no FEOC ownership/assistance
45X – Advanced Manufacturing (wind)	Through 2029 (phaseout by 2033)	Ends 12/31/2027	Wind: 50→85% non-FEOC (2026–29); no FEOC assistance or ownership
45V – Clean Hydrogen	Through 2032	Begin by 12/31/27	No FEOC provision
45Z – Clean Fuel	Through 2027	Extended through 2029	Feedstock must be sourced from US/Canada/Mexico post-2025
45Q – Carbon Capture	Through 2032	Unchanged; CO ₂ use rate slightly increased	FEOC rules apply post 7/4/25
45U – Nuclear PTC (existing reactors)	Through 2032	Ends 2031	FEOC rules apply generally; no specific sourcing rule
30D – New EV	Through 2032	Ends 9/30/25	Same FEOC battery/mineral rules
25E – Used EV			Same FEOC battery/mineral rules
45W – Commercial EV			No FEOC rules
30C – EV Charging	Through 2032	Ends 6/30/26	None specific
45L – New Energy-Efficient Homes			
25D – Residential Clean Energy	Through 2034 with phasedown	Ends 12/31/25	
25C – Home Efficiency	Through 2032		

(1) The information in this table is based on legislative summaries and expert legal interpretations of the House-approved One Big Beautiful Bill Act. Sources include: "The OBBBA Passed...Now What?," Alvarez & Marsal, July 2025, "US Clean Hydrogen Tax Credits Saved from Scrapheap — Temporarily," Hydrogen Insight, July 2025; "One Big Beautiful Bill Explained," Stinson LLP, July 2025; "One Big Beautiful Bill Act Passes Senate," Crux Climate, July 2025; "Tax Credit Implications of the One Big Beautiful Bill Act," Troutman Pepper, July 2025; "Congress Narrows Clean Energy Tax Credits," Davis Wright Tremaine (DWT), July 2025; "House Passes One Big Beautiful Bill: Implications for Clean Energy," Monday, July 2025; "US Throws Lifeline to Green Hydrogen Industry," Financial Times, July 2025; "IRS Issues Final Regulations on Section 45V," King & Spalding, July 2025.



CONTACTS



Julie McLaughlin

Managing Director

julie.mclaughlin@alvarezandmarsal.com



Brett Bergamo

Managing Director

bbergamo@alvarezandmarsal.com



Mark Rajcevic

Managing Director

mrajcevic@alvarezandmarsal.com



Andrew Schembri

Senior Director

aschembri@alvarezandmarsal.com



Seth Bullock

Managing Director

seth.bullock@alvarezandmarsal.com



Barry Gold

Managing Director

bgold@alvarezandmarsal.com



Steve Schmoll

Senior Director

sschmoll@alvarezandmarsal.com

ABOUT ALVAREZ & MARSAL

Founded in 1983, Alvarez & Marsal is a leading global professional services firm. Renowned for its leadership, action and results, Alvarez & Marsal provides advisory, business performance improvement and turnaround management services, delivering practical solutions to address clients' unique challenges. With a world-wide network of experienced operators, world-class consultants, former regulators and industry authorities, Alvarez & Marsal helps corporates, boards, private equity firms, law firms and government agencies drive transformation, mitigate risk and unlock value at every stage of growth.

To learn more, visit: [AlvarezandMarsal.com](https://www.alvarezandmarsal.com)

Follow A&M on: