The Daily Dish

U.S. Energy Landscape: One Year Post OBBBA

SHUTING POMERLEAU | AUGUST 3, 2026

It's been about a year since the One Big Beautiful Bill Act (OBBBA) repealed roughly 60 percent of the clean energy tax incentives introduced in the 2022 Inflation Reduction Act (IRA), scaling back credits for solar, wind, electric vehicles, and other technologies. Since then, there's been a divergence in clean technologies, marked by a resilient solar sector but with wind energy stymied – at least partially due to government policy. It turns out tax policy tells only part of the story. Cost-competitiveness, the regulatory environment, and 24/7 grid reliability play a critical role in shaping the energy landscape.

Solar and wind energy currently have the same federal tax treatment and elevated Department of the Interior oversight. But solar energy is expected to account for over half of all new planned U.S. electric capacity in 2026, while the offshore wind development pipeline is down by 35 percent year-over-year in Q1 2026. Why the difference? Wind has been hit by a series of adverse policies: The administration has halted nearly completed projects, paused offshore leases, and levied tariffs on imported turbine components.

Natural gas, by contrast, has a distinct advantage compared to solar and wind—it is a baseload power that can run 24/7 to support the grid. While OBBBA offered no new production or investment tax credits for natural gas, it delayed the IRA's methane emissions fee until 2034, lifting a substantial regulatory burden. Simultaneously, natural gas is positioned as the primary energy source to meet the surging demand from AI data centers. Under a high-demand scenario, gas-fired generation projected to grow 7.3 percent from 2025–2027. While renewables still lead total planned capacity, non-renewable additions—primarily natural gas—surged by 71 percent from 2025–2026, yet renewable growth slowed to just 2 percent.

Finally, nuclear power continues to be a critical energy source, accounting for about one-fifth of total U.S. electricity generation. The OBBBA favors nuclear energy by preserving the

IRA nuclear power production credit through 2032. The administration has supported the sector by issuing targeted executive orders, securing an $80–$100 billion nuclear investment commitment from Japan, launching a Department of Energy pilot program to accelerate reactor licensing, and pursuing new nuclear waste management frameworks. Yet despite this federal push, total nuclear capacity is expected to remain flat over the medium and long term. Small modular reactors are not yet commercially viable at scale, making them uncompetitive against cheap natural gas unless fuel prices rise dramatically.

One year post OBBBA, federal tax incentives can only explain part of the U.S. energy landscape. Regulatory environment, underlying economics, and 24/7 energy reliability are also critical factors. Moving forward, the energy sources that will thrive are those that can stand on their own economic merits, navigate regulatory hurdles, and reliably keep the lights on in a power-hungry economy propelled by AI.