Understanding the OBBBA and What It Means for Your Business

How Policy Change Is Reshaping Clean Energy Incentives and How LRQA and EcoEngineers (an LRQA Company) Can Support You

LRQA

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Contents

What is the OBBBA

The One Big Beautiful Bill Act (OBBBA), signed into law in July 2025, is the most significant shift in US energy policy since the Inflation Reduction Act (IRA) of 2022. It repeals or amends many of the IRA's clean energy tax incentives, introduces new compliance requirements and accelerates construction deadlines for key technologies.

For businesses in energy, fuels, infrastructure and advanced manufacturing, the implications are wide-ranging. Delays, supply chain adjustments and tighter eligibility windows could significantly alter project feasibility.

This guide summarizes the key changes and highlights how LRQA and EcoEngineers (an LRQA company) can help you assess your exposure, mitigate risk and take advantage of new opportunities.

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Key Changes and What They Mean for Your Business

1 | Phaseout of Clean Energy Tax Incentives

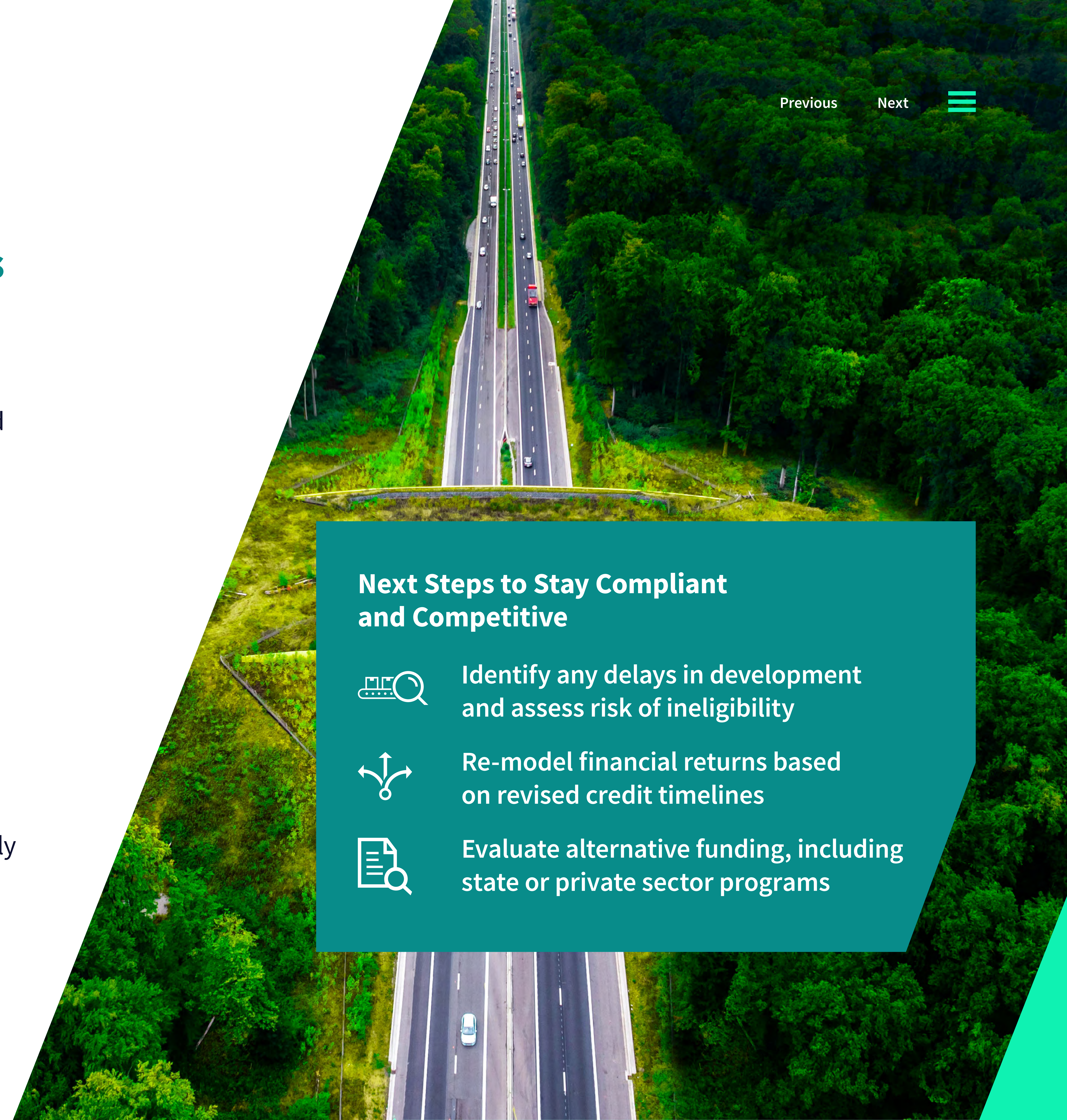
What's Changed

The OBBBA terminates or shortens nearly all tax credits introduced under the Inflation Reduction Act (IRA) for solar, wind, electric vehicles and related technologies. For example:

- Clean vehicle credits (30D, 45W, 25E) end by September 2025
- Residential and commercial energy efficiency incentives (25C, 25D, 45L) end between December 2025 and June 2026
- Wind and solar projects under the Clean Electricity credits (45Y and 48E) are no longer eligible unless construction begins by July 2026 and service starts by December 2027

What It Means

Projects that are still navigating planning, permitting or financing may miss the window of opportunity if they don't accelerate. Businesses must urgently reassess timelines and credit strategies to retain access to incentives that were once guaranteed through 2032 or beyond.



Next Steps to Stay Compliant and Competitive

- Identify any delays in development and assess risk of ineligibility
- Re-model financial returns based on revised credit timelines
- Evaluate alternative funding, including state or private sector programs

2 | Changes to the 45Z Clean Fuel Production Credit

What's Changed

45Z has been extended through December 2029, which is positive. However, several new restrictions have been introduced:

- Feedstocks must now originate from the US, Canada or Mexico
- Negative emissions rates are now prohibited, except for fuels derived from animal manure
- The credit rate for SAF (sustainable aviation fuel) has been reduced
- Indirect land use change (ILUC) penalties have been removed
- The small producer biodiesel credit is extended through 2026
- Double counting of credits will be more tightly regulated

What It Means

The extended duration creates new opportunities, but most producers will need to reassess supply chains, update LCA models and revalidate financial assumptions. Projects relying on international feedstocks or previously modelled negative emissions may now face added costs or disqualification.

Next Steps to Stay Compliant and Competitive

- Review feedstock sourcing and blend compositions
- Recalculate emissions values using the 45ZCF-GREET model
- Update financial models and for biodiesel producers, consider support from small producer credit

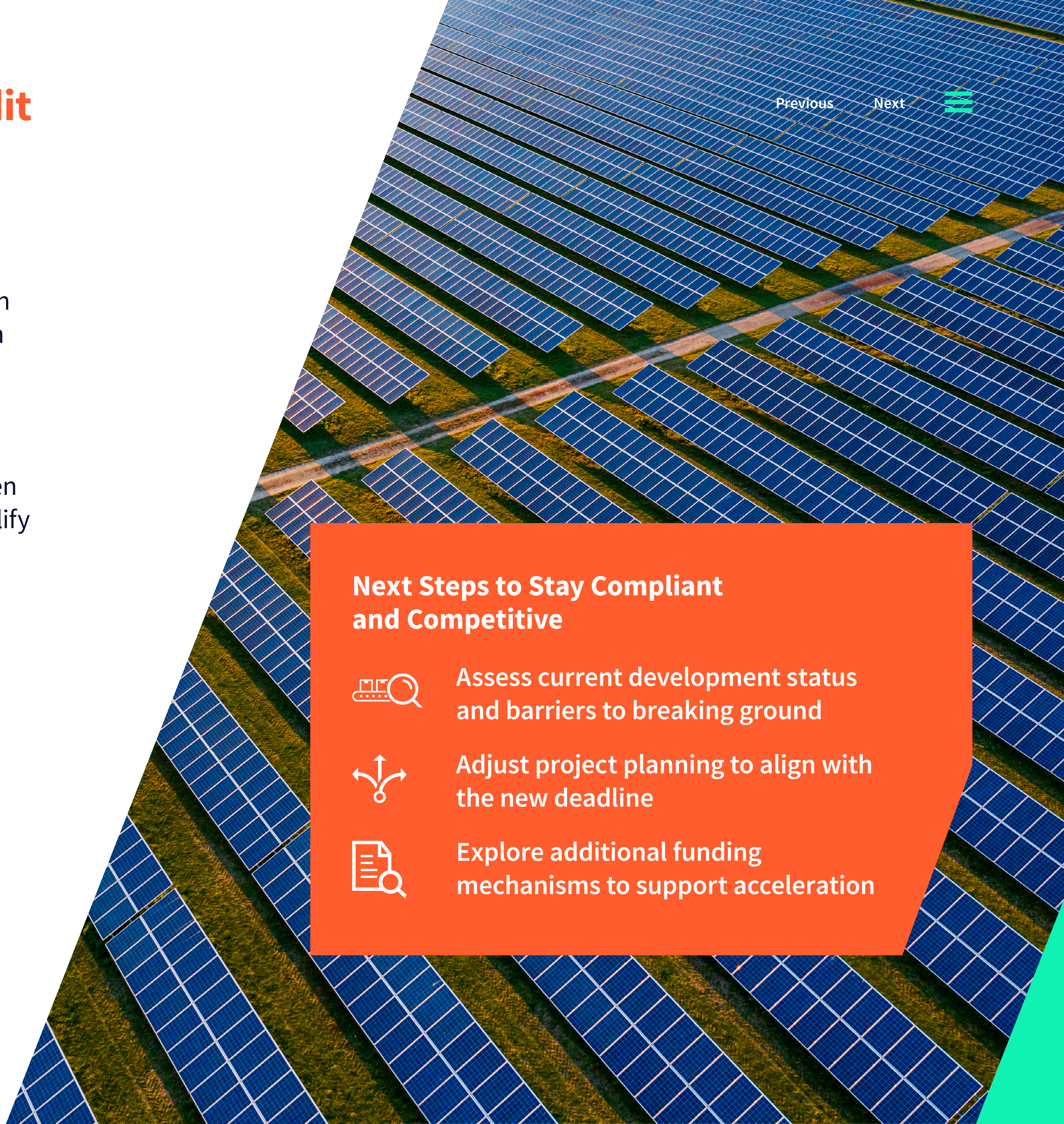
3 | Changes to the 45V Clean Hydrogen Credit

What's Changed

The construction deadline for projects eligible under the 45V Clean Hydrogen Credit has been moved forward. Under the OBBBA, projects must now begin construction before 1 January 2028, instead of the previous 2033 deadline.

What It Means

The shortened timeline places significant pressure on developers of hydrogen projects that are still in planning or early development. Those aiming to qualify must move quickly to secure permits, financing and engineering milestones.



Next Steps to Stay Compliant and Competitive

- Assess current development status and barriers to breaking ground
- Adjust project planning to align with the new deadline
- Explore additional funding mechanisms to support acceleration

4 | Changes to the 45Q Carbon Capture and Utilization Credit

What's Changed

While the sunset date for 45Q remains unchanged, the credit values have increased:

- Carbon utilization: $85/ton (up from $60)
- Direct Air Capture (DAC): $180/ton (up from $130)

What It Means

These changes strengthen the business case for carbon capture, particularly for transportation fuel facilities and refineries. Projects that previously struggled to justify the economics of carbon utilization may now be viable.

Next Steps to Stay Compliant and Competitive

- Re-evaluate project feasibility using updated credit values
- Consider expanding capture systems to include DAC or utilization pathways
- Engage verification support early to streamline credit eligibility

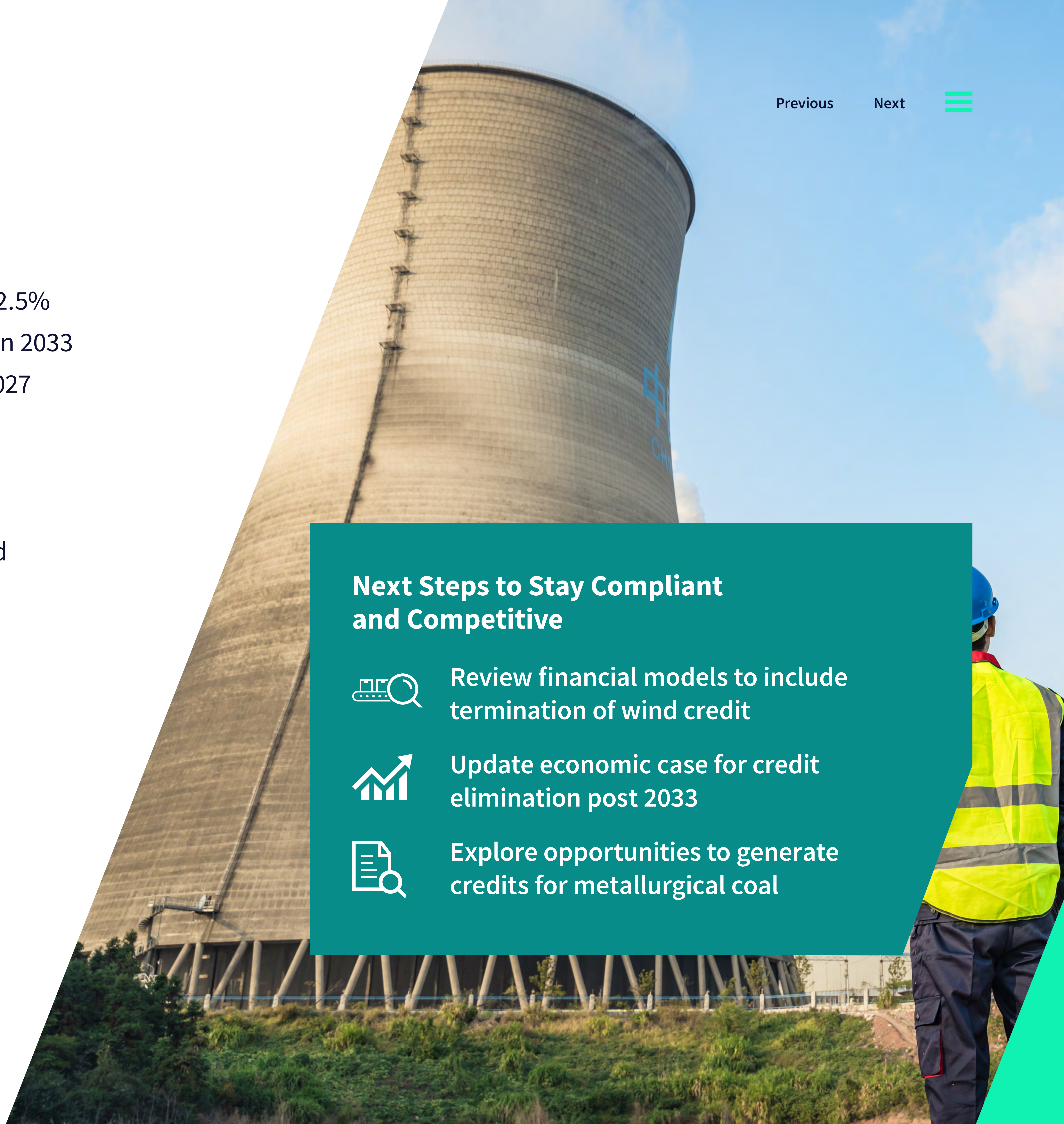
5 | Modifications to 45X Advanced Manufacturing Production Tax Credit

What's Changed

- The addition of metallurgical coal to eligible critical minerals at a rate of 2.5%
- Previously permanent tax credits will now phase out from 2031 and end in 2033
- Eligible wind component credits will be terminated after December 31, 2027

What It Means

Expanded eligibility for critical minerals incentives opens new opportunities in mining and steel-related industries while the accelerated timeline for wind components creates the need to reassess credit value. The new expiration horizon may impact long-term investment strategies.



Next Steps to Stay Compliant and Competitive

- Review financial models to include termination of wind credit
- Update economic case for credit elimination post 2033
- Explore opportunities to generate credits for metallurgical coal

6 | New FEOC and Transferability Rules

What's Changed

- Credits can no longer be generated by or transferred to entities with links to foreign adversaries
- Companies must certify that transferees have no material support from FEOCs
- FEOC definition now includes financing, licensing, procurement and subcontracting relationships
- Effective date: January 2026

What It Means

More rigorous vetting will be needed when transferring credits or collaborating with external partners. Clean energy developers working with Chinese suppliers, for instance, may lose access to credits altogether.

Next Steps to Stay Compliant and Competitive

- Conduct a due diligence review of all project relationships
- Update procurement and finance strategies to ensure eligibility
- Build in compliance checks to avoid certification risk

Why LRQA?

Whether you're measuring your carbon footprint, modelling feedstock emissions or preparing for changing clean energy tax credit rules, **LRQA and EcoEngineers (an LRQA company)** bring together deep regulatory expertise and technical assurance services.

From lifecycle assessments and third-party verification to strategic advisory and risk modelling, we help you understand your exposure, build confidence in your data and act with certainty in a rapidly evolving policy landscape.

With over 20,000+ audits and verifications completed each year, our experts work closely with you to improve the integrity of their climate reporting, across increasingly complex supply chains. Together, we support your full journey, from eligibility assessment to ongoing compliance.

What Makes LRQA Unique?

Global Reach

Local expertise across more than 150 countries, with consistent service delivery wherever you operate.

Flexible Delivery

On-site, remote or hybrid, our teams work to your timelines, infrastructure and resource needs.

Proven Credibility

A trusted partner in clean fuel verification, tax credit compliance and regulatory modelling.

Policy and Sustainability Insight

One of the world's leading ESG assurance providers, with deep experience in climate assurance.

61,000+
clients globally

5,000+
colleagues globally

900+
ESG specialists

Operating in
150+
countries

Powering confident decisions in clean energy, fuels and beyond

Start your journey

Contact LRQA

EcoEngineers services

About LRQA

LRQA is the leading global assurance partner, bringing together decades of unrivalled expertise in assessment, advisory, inspection and Cybersecurity services.

Our solutions-based partnerships are supported by data-driven insights that help our clients solve their biggest business challenges. Operating in more than 150 countries with a team of more than 5,000 people, LRQA's award-winning compliance, supply chain, Cybersecurity and ESG specialists help more than 61,000 clients across almost every sector to anticipate, mitigate and manage risk wherever they operate.

In everything we do, we are committed to shaping a better future for our people, our clients, our communities and our planet.

About EcoEngineers

EcoEngineers, an LRQA company, is a consulting, auditing, and advisory firm exclusively focused on the energy transition and decarbonization. From innovation to impact, we help our clients navigate the disruption caused by carbon emissions and climate change. Our team o engineers, scientists, auditors, consultants, and researchers operates at the intersection of low-carbon fuel policy, innovative technologies, and the carbon marketplace.

For more information, visit **ecoengineers.us**

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