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US Clean Energy Sector Faces Setbacks as Subsidies Slashed

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The clean energy boom in the United States is hitting a wall. Major projects are being paused or reconsidered as the Trump administration moves to dismantle key subsidies for solar and wind power. Companies like Bila Solar, a Singapore-based manufacturer, have halted plans to double capacity at their new Indianapolis factory. Canadian firm Heliene is reevaluating its proposed solar cell facility in Minnesota, while Norwegian wafer producer

NorSun is questioning its planned $620 million factory in Tulsa, Oklahoma. Even two fully permitted offshore wind farms in the Northeast may never see construction.

This shift follows a Republican-led budget megabill passed earlier this month, which fast-tracked the elimination of solar and wind subsidies. The White House has also directed agencies to tighten eligibility for remaining incentives, creating a tougher environment for renewable energy developers. Industry experts warn these changes will curb installations, stifle job creation, and exacerbate an impending power supply shortage driven by the growing demands of AI infrastructure.

According to analytics firm Wood Mackenzie, solar and wind installations could drop by 17% and 20%, respectively, over the next decade compared to earlier forecasts. This reduction threatens to slow the expansion of data centers critical for AI technology. Energy research firm Rhodium estimates that $263 billion in wind, solar, and storage projects, along with $110 billion in related manufacturing investments, are now at risk. Industrial energy costs could rise by as much as $11 billion by 2035.

Ben King, a director at Rhodium's energy and climate practice, stated in a recent interview, "One of the administration's stated goals was to bring costs down, and as we demonstrated, this bill doesn't do that. It's not a recipe for continued dominance of the U.S. AI industry."

The Trump administration defends its policy, claiming that the rapid adoption of renewables has destabilized the grid and driven up consumer prices. However, these assertions are disputed by industry leaders and unsupported by data from renewables-heavy grids like Texas's ERCOT. Power industry representatives argue that all forms of new energy generation, renewable and fossil fuel-based, must be supported to meet rising U.S. electricity demand, projected by consulting firm ICF to grow 25% by 2030, largely due to AI and cloud computing.

The REPEAT Project, a collaboration between Princeton University and Evolved Energy Research, forecasts a 2% annual increase in electricity demand. With renewables constrained, tighter supplies could push household electricity costs up by $280 annually by 2035, according to their analysis.

The core of the new law is the accelerated phase-out of 30% tax credits for wind and solar projects. Now, projects must begin construction within a year or enter service by the end of 2027 to qualify down from a previous 2032 deadline. Adding to the uncertainty, Trump

ordered the Treasury Department to review the definition of “beginning of construction,” potentially disrupting a long-standing rule allowing developers four years to claim credits after spending just 5% of project costs. The Treasury has 45 days to propose new rules.

Martin Pochtaruk, CEO of Heliene, expressed frustration in an interview this month, saying, “With so many moving parts, financing of projects, financing of manufacturing is difficult, if not impossible. You are looking to see what is the next baseball bat that’s going to hit you on the head.” Heliene’s planned $350 million solar cell factory, which could employ over 600 workers, remains in limbo.

Bila Solar’s general manager, Mick McDaniel, noted that “a troubling level of uncertainty” has stalled a $20 million expansion at their Indianapolis factory, which would have created 75 additional jobs. NorSun’s U.S. division director, Todd Templeton, said the company is still assessing the impact of the new law on its Tulsa facility plans. Meanwhile, five other solar manufacturers, T1 Energy, Imperial Star Solar, SEG Solar, Solx, and ES Foundry, expressed concerns about future demand but have not yet altered their investment plans.

Offshore wind projects face similar challenges. Two fully permitted projects, a 300-megawatt development by US Wind off Maryland and Iberdrola’s 791 MW New England Wind off Massachusetts, are now at risk. Hillary Bright, executive director of offshore wind advocacy group Turn Forward, said, “They are effectively ready to begin construction and are now trapped in a timeline that will make it that much harder to take advantage of the remaining days of the tax credits.”