

# Trump 2.0 puts US clean energy future at risk

The Trump administration's second-term policy shift has placed US clean energy investment under severe strain, with incentives rolled back, projects halted, and regulatory uncertainty deterring capital. Billions in projects have already been cancelled, and billions in investment are at risk. By contrast, Europe and Asia present increasingly attractive alternatives, offering policy stability, growing markets and stronger incentives. With domestic politics and economics clouded by volatility, the US risks losing its status as a leading destination for clean energy finance. **Joseph Jacobelli**

The article 'US opposition to clean energy could drive investment elsewhere' by Joseph Jacobelli, published in the April 2025 edition of *The Energy Industry Times*, evaluated how US policy changes in the first months of the Trump 2.0 administration were undermining the country's clean energy investment prospects. It found that the newly created federal policies had generated high uncertainty, weakened renewable support, and favoured fossil fuel growth.

The article argued that the developments made investors uneasy and had prompted some capital outflows as well as project delays and cancellations. Also, it highlighted that the macroeconomic environment, with high interest rates and new tariff regime, further increased risk. The article concluded that while it was still early to pass final judgement, policy instability in the US may divert clean energy investment towards Europe and Asia, where policy frameworks remain favourable. Also, it contended that the US would now face risk of long-term reputational damage as a destination for clean energy capital.

Since the publication of that article, much evidence has built up that the landscape is worse than expected for clean energy and climate tech investments in the US. This can be measured by policy announcements and the ensuing effect on investments.

The Trump administration's second-term policies completely shifted to fossil fuel prioritisation from clean energy development, rolling back incentives and imposing regulatory barriers. Exiting global climate agreements and halting international climate finance commitments are two of the major policy U-turns on the global scene.

The Administration together with Congressional Republicans have taken over 200 actions "to unleash" the US' "energy potential", according to the conservative leaning Institute of Energy Research. These actions are strongly in favour of fossil fuels and against pro-climate policies and clean energy and climate tech investments.

Importantly, renewable energy incentives have been rolled back, funding for solar programmes frozen, environmental protection deregulated, and hurdles for wind and solar projects have been imposed, notes US law-firm Spencer Fane. Significant budget cuts were proposed for renewable energy research while more federal lands were opened for development, remarks Spencer Fane.

The Trump administration-led changes have had dire effects on the development of clean energy and climate tech in the US.

There have been several high profile cases. Two examples are the Empire and the Revolution offshore wind projects. The administration issued a stop order to the Empire Wind project, located off the coast of New York, last April. The stop-work order on the 810 MW, \$5 billion Empire Wind project, including related infrastructure, at the time 30 per cent complete, lasted a month and cost Norwegian developer Equinor roughly \$50 million per week. Revolution Wind, developed by the world's biggest offshore wind farm developer Ørsted, received its stoppage order in August 2025. The \$1.5 billion 704 MW project located off Rhode Island, at the time of the order had all of its permits approved, and was 80 per cent complete, with 45 out of its 65 turbines already installed.

About \$18.6 billion in clean energy projects had been cancelled as of August 17th, according to the Atlas Public Policy's Clean Economy Tracker compared to just \$0.8 billion in cancellation for the whole of 2024. Investment announcements fell to \$15.8 billion versus \$20.9 billion the previous year. The Clean Economy Tracker and E2O uses a different calculation methodology and puts the cancellation amount at over \$22 billion for the first six months of the year for 'clean energy projects, including installations, manufacturing facilities, and more'. The withdrawals also meant 16 500 job losses. Some of the tax-credit phase-out related policies came through the energy provisions of the One Big Beautiful Bill Act of July 2025. FTI consulting estimated

that over 320 proposed solar and wind projects, with a capacity of over 100 GW, would be economically unviable with the passing of the Act. This implies at least \$110 billion of potential lost investment, assuming a cost of \$1 billion per GW for solar and \$1.4 billion for onshore wind – and even more for offshore.

The impact of the actions in the first 220 days or so of Trump 2.0 generates a clearly bleak outlook for clean energy and climate tech investments in the country in the medium-term (3 to 5 years). Many of the policies will create substantial harm for the development of the industry as a whole, including the various supply chains. The reputational damage may not be everlasting but is significant, nonetheless. In addition to the punitive policies, investors may also feel nervous about political and economic uncertainty.

On the political front there is uncertainty over the electoral volatility impact. This includes which party will have the majority in the House of Representatives after the mid-term elections in November 2026. Also, there is even less clarity with the presidential election two years later given that, as of now, Trump is not allowed to run again.

On the economic front, the mid-term picture is even more opaque. The full effect of the new sweeping tariff regime is uncertain but unlikely to be positive for the US economy. There is a growing fear that the country will soon see stagflation: high inflation, sluggish or negative growth economic growth, and rising unemployment. In early August, BofA Global Research, a US bank, surveyed global investors and found 70 per cent expected stagflation over the coming 12 months.

Global clean energy developers and financial investors, even those headquartered in the US, will have to look for growth in other markets. Two of the possibilities are Asia and Europe which broadly offer strong policy frameworks, investment incentives and predictable growth.

Asia may be seen by some investors as a challenging region for investments in clean energy projects given it is fragmented due to the large number of countries, each with different regulatory frameworks and growth drivers. At the same time, the region is a highly attractive destination given its size and regulatory frameworks. The Asia region accounts for almost half of the world population and over 80 per cent of energy usage is in developing economies, offering investors a high growth upside. In some jurisdictions the regulatory frameworks are quite mature, while in others they are at different stages of development.

The regulatory landscape has already vastly improved relative to that



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just five years ago. Some of the focus markets among investors include Australia, Japan and South Korea in terms of developed markets, as well as the developing markets of India in South Asia, and Indonesia, the Philippines, and Vietnam in Southeast Asia. Research group Zero Carbon Analytics highlighted that Southeast Asia's fast economic growth, rising energy demand and abundant renewable resources can attract significant clean energy investments. The key investors in these markets have been from Australia, China, Japan, and South Korea, and have played critical roles in financing clean energy projects.

Europe has also proven to be an attractive destination for capital focused on clean energy investing. Some of the region's attributes include policy stability, market growth, as well as demand and incentives. It is adding substantial amounts of renewable energy capacity, possibly as much as 90 GW in 2025, and the major utilities in the region, such as EDF, Enel, Engie and Iberdrola, have committed large amounts of capital, possibly as much as €160 billion in 2025, a 9 per cent year-over-year increase, expects ING, a bank.

Of note, a survey of about 1400 energy transition investors conducted by KPMG in 2024 asked respondents to choose one or two regions they found most attractive for investments in the following two years (2025-2026). At the time (i.e., pre-Trump 2.0), the top three were East Asia, selected by 43 per cent, North America chosen by 35 per cent and 20 per cent selecting Southeast Asia.

Giuseppe 'Joseph' Jacobelli, head of single-family office Bourne Impact Capital, brings 30+ years in energy markets. He champions sustainable finance through his 'Asia Climate Finance Podcast' and writings like his upcoming book, 'Powering the Unstoppable Green Shift'.

**FTI Consulting estimates over 100 GW of planned utility-scale solar and wind projects could be jeopardised by the accelerated phase-out of US government incentives**

