



AEO2026: One Big Beautiful Bill Act Assumptions in the Counterfactual Baseline and core side cases

April 2026

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The One Big Beautiful Bill Act (OBBBA), Public Law 119-21, took effect on July 4, 2025, and includes a number of energy-related provisions.¹ We reviewed the law for directives that would influence energy consumption, production, and trade in the U.S. economy as modeled in the National Energy Modeling System (NEMS). We incorporated provisions of this law into the Counterfactual Baseline (CB) case and side cases in our *Annual Energy Outlook 2026* (AEO2026), unless otherwise noted. Case assumptions were frozen in December 2025, and AEO2026 does not include regulatory guidance or provisions issued after that time.

This document is a summary; further details about how we modeled the OBBBA provisions are in the NEMS [Assumptions](#) documents.

All cases use the macroeconomic outlook from S&P Global Market Intelligence as of August 2025.

Although all provisions of the OBBBA are current law, some are not explicitly included in the NEMS version used for AEO2026. We did not include these provisions for one of three reasons:

1. Guidance is not yet available on how federal agencies will implement some provisions, and without that guidance, we lack the details to analyze their effect. We will analyze these provisions in the future as we receive more clarity.
2. A number of provisions require significant modifications to NEMS that were not possible in this timeframe, and we will consider ways to include these provisions in a future outlook to the extent possible.
3. Other provisions do not align with our analytic resolution.

Some provisions are not listed in the following table because they are not relevant to this analysis or had minor impacts to the energy system. In the *Excluded* column of Table 1, the numbers in bold correspond to one or more of the reasons listed above. The use of -- indicates that a certain column is not applicable.

¹ [One Big Beautiful Bill Act](#), Public Law 119-21, (July 4, 2025).

Table 1. One Big Beautiful Bill Act provisions included or excluded in the National Energy Modeling System (NEMS)

Section	Provision	Description	Included	Excluded
Title I Committee on Agriculture, Nutrition, and Forestry				
10103	Availability of standard utility allowances based on receipt of energy assistance	Limits utility allowance in addition to other energy assistance to households with an elderly or disabled member. Treats state energy assistance as money paid to a household with no elderly or disabled members; treats as expense incurred by the household if the household has an elderly or disabled member.	--	(3)
10605	Bioenergy program for advanced biofuels	Appropriates \$7 million available annually for payments to eligible producers of advanced biofuels through 2031 (was through 2024). No more than 5% of the funds are available to producers with capacity greater than 150 million gallons of advanced biofuels.	--	(1,3)
Title IV Committee on Commerce, Science, and Transportation				
40006	Corporate average fuel economy (CAFE) civil penalties	Eliminates the penalty for manufacturer violations of CAFE standards as of enactment	As of AEO2026, the CAFE standards for light-duty vehicles are not enforced in the model.	--

Section	Provision	Description	Included	Excluded
Title V Committee on Energy and Natural Resources				
<i>Subtitle A—Oil and Gas Leasing</i>				
50101	Onshore oil and gas leasing	Repeal of Section 50262 of Public Law 117-169, Offshore Oil and Gas Royalty Rate. That provision increased the minimum royalty rate for new offshore fossil fuel leases.	Minimum royalty rate was reduced from 16.66% to 12.5% in offshore module	--
50102	Offshore oil and gas leasing	This provision authorizes the U.S. Department of the Interior (DOI) to conduct offshore oil and gas sales in the Gulf of America and Alaska regions.	--	We do not explicitly model leasing programs. We assume resources in a region are available if economical and not explicitly banned. (3)
50103	Royalties on extracted methane	Repeal of Section 50263 of Public Law 117-169, Royalties on All Extracted Methane. That provision modified the royalties paid for natural gas produced on federal land and on the Outer Continental Shelf, including natural gas lost through upstream equipment.	--	(2)
50104	Alaska oil and gas leasing	This provision authorizes the U.S. Department of the Interior (DOI) to conduct oil and gas leasing programs in Alaska.	--	We don't explicitly model leasing programs. We assume resources in a region are available if economical and not explicitly banned. (3)
50105	National Petroleum Reserve-Alaska	This provision restores the Oil and Gas Leasing program established under section 107 of the Naval Petroleum Reserves Production Act of 1976.	--	We don't explicitly model leasing programs. We assume resources in a region are available if economical and not explicitly banned. (3)

Section	Provision	Description	Included	Excluded
Subtitle B—Mining				
50201	Coal leasing	This provision authorizes DOI to conduct coal leasing activities.	Existing functionality in the coal model fulfills this provision	--
50202	Coal royalty	This provision changes the coal royalty rate from 12.5% to 7%.		The coal model supply curves do not differentiate between federal and non-federal lands, so there would be no way of implementing a policy change to federal coal royalty rates that would affect results, other than changing observed mine prices, which happens every year with calibration of the model base year. (3)
50203	Leases for known recoverable coal resources	This provision increases federal lands available for lease.	The coal model will expand or contract the coal supply curves based on market demand and utilization rates in the various supply regions.	--
50204	Authorization to mine federal coal	This provision allows DOI to authorize the mining of federal lands.	The model already allows mining of coal on federal lands.	--
Subtitle C—Lands				
50302	Renewable energy fees on federal land	This provision establishes fees for solar and wind energy project development on federal lands.	The model excludes federal lands from solar and wind	--

Section	Provision	Description	Included	Excluded
			resources available for capacity additions.	
50303	Renewable energy revenue sharing	Revenue-sharing provision requiring the U.S. Treasury to pay 25% to the state and additional 25% to the counties share of the rentals and fees collected from a renewable project on public lands where the revenue was generated.	We addressed this by eliminating federal lands from the wind and solar supply curves.	The Electricity Market Module (EMM) lacks the spatial resolution to implement explicitly, but it was addressed by the removal of federal lands from the wind and solar curves. (3)
Subtitle D—Energy				
50401	Strategic Petroleum Reserve	Repeal of drawdown or sale and appropriates \$218 million for maintenance and \$171 million for purchase of petroleum products for storage (funds remain available through Sep 30, 2029).	Repeal of drawdown or sales (7 million barrels in 2026 and 2027) included in model.	Funds for maintenance and purchasing are outside the scope of our model (3)
50402	Repeals/rescinds specific Inflation Reduction act (IRA) provisions	Unobligated balances of amounts under the sections below are rescinded.	See sections 50402A - 50402H.	See sections 50402A - 50402H.
50402A	State-Based Home Energy Efficiency Contractor Training Grants	Unobligated balance of state-based home energy efficiency contractor training grants under IRA Section 50123 rescinded.	--	(3)
50402B	Funding for DOE Loan Programs Office	Unobligated balance of funding for DOE energy loan programs under IRA Section 50141 rescinded.	--	(1)

Section	Provision	Description	Included	Excluded
50402C	Energy Infrastructure Reinvestment Financing	Unobligated balance under IRA Section 50144 for additional loan guarantee authority under the Energy Policy Act of 2005 for energy infrastructure that reduces air pollution is rescinded.	--	(1)
50402D	Tribal Energy Loan Guarantee Program	Unobligated balance under IRA Section 50145 for DOE’s Tribal Loan Guarantee Program is rescinded.	--	(1,3)
50402EG	Electric Transmission	Unobligated balances under IRA Sections 50151–50153 for DOE programs that facilitate certain transmission lines or transmission siting and planning is rescinded.	--	(3)
50402H	Advanced Industrial Facilities Deployment Program	Unobligated balance under IRA Section 50161 for \$5.8 billion available to DOE’s Office of Clean Energy Demonstrations for advanced industrial technologies is rescinded.	The one cement carbon capture sequestration (CCS) plant award that had been granted has been terminated. Capital cost impacts from this award have been removed for AEO2026.	--
50403	Energy dominance financing	Removes requirement for (re)financed energy infrastructure to reduce, use, or sequester air pollutants or greenhouse gases (GHGs); eliminates the need for controls on fossil fuel generators and to analyze affected communities.	--	The funding available under this provision is entirely discretionary, is project-specific, and is available to projects and technologies that are not modeled. So, it is outside the scope of our

Section	Provision	Description	Included	Excluded
		Expands definition of energy infrastructure, appropriates \$1 billion through September 2028.		model. As projects using within-scope technologies are awarded loans and commence with project development, they will be added to the projections. (1,3)
Title VI Committee on Environment and Public Works				
60001	Rescission of funding for Clean Heavy-Duty Vehicles	Unobligated funds to help communities replace eligible vehicles with zero-emission vehicles are rescinded.	--	(3)
60002	Repeal of GHG reduction fund	Repeals funds deployment of zero-emission technologies in low-income and disadvantaged communities and rescinds unobligated balances.	--	(1,3)
60003	Rescission of funding for Diesel Emissions Reductions	Unobligated funding to identify and reduce diesel emissions from goods movement facilities is rescinded.	--	(1,3)
60012	Rescission of funding for Methane Emissions Reduction Incentive Program	This section rescinds the unobligated balances for incentives to carry out the methane emissions charge for qualified petroleum and natural gas systems and delays the collection of the charge to start in 2034.	--	(1,3)

Section	Provision	Description	Included	Excluded
60013	Rescission of funding for Climate Pollution Reduction Grants	This section rescinds unobligated funds for the U.S. Environmental Protection Agency’s (EPA) GHG air pollution implementation grants and GHG air pollution planning and implementation.	--	(1,3)
60020–60024	Transportation and Infrastructure	These sections rescind unobligated balances of funds for assistance for using low-carbon materials for constructing or altering federal buildings; for low-carbon transportation materials grants; and for a neighborhood access and equity grant program.	--	(3)
Title VII Finance				
70501	Termination of previously owned clean vehicle credit	This provision terminates the Section 25E[g] vehicle tax credit after September 30, 2025, instead of December 31, 2032.	--	The used-vehicle market is outside the scope of our model. (3)
70502	Termination of clean vehicle credit	This provision terminates the Section 30D[h] vehicle tax credit after September 30, 2025, instead of December 31, 2032.	Addressed in our model.	--

Section	Provision	Description	Included	Excluded
70503	Termination of qualified commercial clean vehicles credit	This provision terminates the Section 45W[g] vehicle tax credit after September 30, 2025.	Addressed in our model.	--
70504	Termination of alternative fuel vehicle refueling property credit	This provision terminates the Section 30C[i] refueling property credit after June 30, 2026, instead of December 31, 2032.	Addressed in our model.	--
70505	Termination of energy efficiency home improvement credit	This provision terminates the IRS Section 25C[h] efficient property tax credit after December 31, 2025, instead of December 31, 2032, and adjusts qualifications for oil-fired equipment.	We represent the availability of the tax credit in Residential Demand Module (RDM) with the expiration of the tax rate as amended.	--
70506	Termination of residential clean energy credit	This provision terminates the Section 25D[h] efficient property credit after December 31, 2025, instead of December 31, 2034, and provides the 30% tax credit for equipment placed in service after Dec 31, 2021, and before Jan 1, 2026.	We represent the availability of the tax credit in RDM with the expiration of the tax rate as amended.	--
70507	Termination of energy efficient commercial buildings deduction	This provision terminates the Section 179D deduction for energy-efficient commercial building construction that begins after June 30, 2026.	--	(2,3)

Section	Provision	Description	Included	Excluded
70508	Termination of new energy-efficient home credit	This provision terminates the Section 45L[h] new energy-efficient home credit for homes acquired after June 30, 2026, instead of December 31, 2032.	We represent the availability of the tax credit in RDM with the expiration of the tax credit as amended.	--
70509	Termination of cost recovery for energy property	The provision terminates the use of a five-year property definition for accelerated cost recovery for energy property as defined in Section 48(a)(3), where construction begins after December 31, 2024.	We assume the termination of the five-year modified accelerated cost recovery system (MACRS) for certain commercial end-use equipment and for applicable technologies in the electric power sector.	--
70510	Modifications of zero-emission nuclear power production credit	This provision restricts 45U credit eligibility to exclude prohibited foreign entities for years after enactment and prohibit foreign-influenced entities two years after enactment.	Because of existing restrictions on foreign ownership, we assume existing nuclear plants to be eligible for the tax credit to the full extent. In addition, uranium may be imported from other sources and is therefore assumed to not be affected by the Foreign Entity of Concern(FEOC) restrictions.	--
70511	Termination of clean hydrogen production credit	This provision limits the 45V clean hydrogen production credit to facilities where construction begins before January 1, 2028, instead of before January 1, 2033.	We incorporate the expiration of the tax credit as amended.	--

Section	Provision	Description	Included	Excluded
70512 and 70513	Termination and restrictions on clean electricity production credit	This provision terminates the Section 45Y[d] credit for solar and wind beginning construction after July 4, 2026, and placed in service after December 31, 2027. If construction begins before July 5, 2026, sunset does not apply. Amends the phase-out for qualifying systems to be 100% for systems beginning construction in 2033; 75% for systems beginning construction in 2034; 50% for systems beginning construction in 2035; and 0% for facilities beginning construction after December 31, 2035. Also, increases restrictions on claiming credit if tax payer receives material assistance from or is a prohibited foreign entity and repeals ability to transfer credit.	We incorporate the termination or phaseout of the tax credit as amended for all technologies assumed to take the production tax credit.	--
70513	Termination and restrictions on clean electricity investment credit	This provision terminates the Section 48E(e) credit for solar and wind beginning construction after July 4, 2026, and placed in service after December 31, 2027. If construction begins before July 5, 2026, sunset does not apply. Amends the phase-out for qualifying systems to be 100% for systems beginning construction in 2033; 75% for systems beginning construction in 2034; 50% for systems beginning construction in 2035; and 0% for facilities beginning	Our model incorporates the termination or phaseout of the tax credit as amended for all technologies assumed to take the investment tax credit.	--

Section	Provision	Description	Included	Excluded
		construction after December 31, 2035. Also, increases restrictions on claiming credit if tax payer receives material assistance from or is a prohibited foreign entity and repeals ability to transfer credit.		
70514	Phase-out and restrictions on Advanced Manufacturing Production Credit	Modifies the Advanced Manufacturing Production Credit by introducing a phase-out schedule for critical minerals (excluding metallurgical coal) starting in 2030, with a full termination by the end of 2033, imposes restriction on the credit for prohibited foreign entities, and terminates the credit for wind energy components after 2027 and metallurgical coal after 2029.	We removed the adjustment to reduce wind capital costs that was made in AEO2025 to reflect the value of this tax credit.	Other elements of this provision are beyond the scope of NEMS. (2)
70521	Extension and modification of clean fuel production credit	Extends the 45Z clean fuel production credit through through December 31, 2029, and removes eligibility for imports. Reduces the sustainable aviation fuel credit equal to \$1.00 per gallon starting in 2025.	We implemented a simplified version of this credit for certain qualified fuels.	We did not model the credit values based on the lifecycle carbon emissions or emissions factor associated with qualified fuels. (2,3)
112011	Restrictions on carbon oxide sequestration credit	Increases the amount of the credit for CO ₂ used in enhanced oil recovery (EOR) to match the credit for storage. Eliminates credit if tax payer is specified foreign entity and eliminates credit two years after bill passage if taxpayer is a foreign-influenced entity.	45Q tax credit for EOR CCS was raised from \$60 per short ton (mt) of CO ₂ to \$85/mt of CO ₂ . Now at parity with the 45Q credit for saline CCS.	(1)