

Trump's Energy Plans: Funding, Permits And Nuclear Power

By **Tory Lauterbach, Janine Durand and Jess Rollinson** (February 5, 2025, 4:49 PM EST)

With President Donald Trump signing 26 executive orders on Day 1 of his second term, several focusing squarely on the domestic energy sector, the U.S. energy industry is busy untangling what the second Trump presidency will mean for it.

Much could change for energy companies in the near future. In this two-part article, we review a range of issues that companies in the energy sector should be monitoring in the early days of Trump's second administration.

In this first installment, we consider the future of grants and loans from the U.S. Department of Energy, possible changes to regulatory and permitting processes, and potential developments in nuclear energy policy.

DOE Grants and Loans

The energy industry will be watching to see to what extent the Trump administration will continue to fund clean energy programs through DOE grant and loan programs after Trump issued an executive order calling on the federal government to "immediately pause the disbursement of funds appropriated" through the Bipartisan Infrastructure Law and the Inflation Reduction Act on day one of his second term.

The BIL and the IRA allocated billions to clean energy programs. The Biden administration awarded approximately 99% of the funds available for fiscal year 2024 or earlier — 90% of which has been legally obligated to awardees under contractual commitments, which would presumably make those amounts harder to refuse to disburse.

Significant funds still remain available under those statutes for future fiscal years, although it is unclear how the Trump administration ultimately will decide to administer the awarding of those funds, if at all.

Areas that have received significant grant and loan awards from the DOE that could be affected by executive action rolling back DOE funding include battery storage; biofuels; hydrogen; advanced nuclear; carbon management technologies, such as carbon sequestration; advanced technology vehicles, including electric vehicles; grid modernization; solar; wind; and critical minerals.



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Republican legislators have indicated that the loan programs may be targeted for cost-cutting measures, and Trump has stated that he will "rescind all unspent funds" from the IRA. However, Chris Wright, Trump's newly confirmed secretary of energy, has experience working with DOE resources from his involvement with a company developing a small modular reactor project at the Idaho National Laboratory.

Wright noted in his confirmation hearing the need to address issues raised in a recent inspector general's report on DOE loan programs, which suggested pausing DOE loan issuances until the Loan Program Office can ensure that contracting officers and their representatives are complying with conflict of interest regulations, and enforcing conflict of interest contractual obligations.

But Wright emphasized during his confirmation hearing the importance of DOE investments in accelerating the development of new energy technologies to address climate change.

However, Trump has made statements that he believes the Impoundment Control Act is unconstitutional, and issued an executive order directing all agencies to pause disbursement of appropriated funds made available through the BIL and the IRA.

So current and would-be grant and loan awardees and recipients will be watching to see if the administration takes further steps to halt already-awarded or obligated funding, modify funding conditions for already-awarded DOE grants and loans, or restart funding disbursements under new or revised regulatory standards.

Any such moves will face significant legal challenges — including arguments that Trump cannot bar the DOE from spending previously allocated money unless Congress repeals the Impoundment Control Act.

Regulatory Streamlining of Permitting Processes

All regions of the U.S. face challenges from insufficient energy infrastructure, due to aging energy delivery systems, growing electricity demand, and changing energy sourcing and market dynamics. These challenges exist both for electricity transmission and pipeline infrastructure.

Efforts to modernize this infrastructure currently face significant federal, state and local permitting hurdles — where, for example the federal environmental reviews for electricity transmission take on average 4.3 years to complete. Attempts to modernize and expand pipeline infrastructure face similar hurdles that are magnified by issues related to evaluation of, and plans to address, greenhouse gas emissions.

Trump took action to reduce permitting timelines during his previous term, and has stated that he will again streamline permitting processes. The energy industry will certainly be watching to see whether he fulfills this pledge.

Like Trump, the Republican Party generally supports permitting reform, as do Trump's nominees for the DOE, the U.S. Department of the Interior and the U.S. Environmental Protection Agency. For example, Wright stated that he is "a hundred percent committed to growing our electricity grid and our energy production and removing those barriers that are standing in the way" of that goal.

Similarly, Doug Burgum, recently confirmed as the secretary of the interior and Trump's planned "energy czar," stated that "it takes too long in our country" to build transmission lines and pipelines, and

emphasized the need for efficient energy transportation networks.

Likewise, Lee Zeldin, the recently confirmed EPA administrator, highlighted permitting reform as one of his priorities, and stated that he "would look forward to doing [his] part to make sure that the EPA is not holding up any opportunities to be able to pursue sound applications" for infrastructure.

Given the widespread support in the Trump administration for permitting reform, as well as bipartisan support for reform, the energy industry will be watching to see if the administration crafts rules to ease the federal permitting process — not only for pipelines, but also for electric transmission lines — and if the administration is able to pressure Congress into passing permitting reform legislation.

Nuclear

The energy industry will be watching to see how Trump will support the development of domestic nuclear facilities — and whether such support will include significant financial backing to bolster nuclear project development, including small modular nuclear reactors and more conventional large nuclear facilities.

Nuclear facilities traditionally have much longer lead times and greater front-end capital requirements for completion of permitting and construction compared to other energy generation projects, such as natural gas and solar. The U.S., the world's largest producer of nuclear energy, relies on nuclear energy for about one-fifth of its electricity.

As a source of baseload energy, nuclear energy compliments other carbon-free energy sources, and could help the grid maintain reliability and lower carbon emissions. However, the U.S. nuclear fleet is aging, with an average reactor age of about 42 years.

Republicans generally view nuclear power favorably. Additionally, one of Trump's Jan. 20 executive orders also specifically directed heads of agencies to identify actions that impose an undue burden on the development of nuclear energy resources.

However, while Trump seems to support small nuclear reactors, he has expressed hesitancy toward large nuclear plants due to permitting obstacles and overspending. Moreover, permitting reform alone may not be enough to facilitate new nuclear development, where the biggest challenge often is a dearth of financing to provide funding through the development phase to get nuclear plants to market.

Observers thus will be watching to see if and how the Trump administration and allies in Congress will take further steps to champion funding opportunities for development and deployment of new nuclear power plants.

Trump's nominees to lead the DOE and EPA have made pro-nuclear statements. Wright, a nuclear industry veteran, said that he "absolutely" thinks that there is an "enabling role DOE can play to help launch nuclear energy," and that nuclear "should be a huge part of America's future energy source" — but that "that won't happen without action within [Congress], with action from the [DOE] and our incoming administration."

Similarly, Zeldin stated during his confirmation hearing that he agrees that nuclear power should be part of the energy mix.

Given the Republican Party's and Trump administration's stated support for nuclear energy — and bipartisan support recently expressed for government action to facilitate data center expansion, which could be supported through development of additional nuclear baseload power — the energy industry will be watching to see whether the administration and Congress craft policies to support nuclear energy, such as permitting reform and funding to support development and deployment of new nuclear plants.

In the second installment of this article, we will discuss the administration's stance on climate issues, the expanded energy capacity needed for anticipated growth in data centers, the outlook for offshore and onshore energy development, and policy changes regarding liquefied natural gas.

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