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Energy Dominance Financing Isn't Truly Dominant. But It Should Be.

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Takeaways

- The Office of Energy Dominance Financing, formerly the Loan Programs Office, is one of the best federal tools for deploying large domestic energy projects. Its "dominance" rebrand, however, is in stark contrast to its actual financing activity, which has been narrow, slow, and opaque.
- Despite avoiding the turmoil inflicted on other programs by the Trump Administration, EDF has been slow to deploy capital and overly cautious in project selection.
- To ensure its political durability and effectiveness, Congress and the Department of Energy should take steps to improve EDF's program delivery and demand transparency from the office's leadership.

Despite a highly partisan political environment and calls for its elimination, the Office of Energy Dominance Financing (EDF), formerly the Loan Programs Office, has remained critical for financing ambitious energy projects across four presidential administrations.

Its ability to navigate partisan swings and its nimble use of debt financing and loan guarantees make EDF the exact type of federal program America needs during this period of rapid changes in power demand and global energy markets.

But the office has been sluggish in moving through its applicant pipeline and originating new deals. [1] A suite of persistent, well-documented bottlenecks—convoluted decision-making processes, inconsistent funding support for baseline administrative functions, and oversight concerns—has slowed dealmaking and left critical underwriting and portfolio-monitoring staff under-resourced.

To compete with the world's most aggressive clean energy leaders, the US must deploy capital for energy projects faster and more transparently than our competitors.

To do this, EDF needs to provide certainty to developers and use its most consequential loan authorities to finance more ambitious projects. Taking on that risk is EDF's most important role in the energy innovation ecosystem.

A successful financing strategy will result in lower consumer bills, stronger domestic supply chains, and ample clean firm power available when the country needs it most.

You can read more about the recommendations below and specific policy actions here.

Why Bother with EDF Reforms

While many feared that a Republican trifecta could embolden GOP critics calling for the office's dismantling, EDF has once again proven its staying power. In February 2026, the Trump administration's EDF finalized its deal with Georgia Power and Alabama Power to add new nuclear and hydropower capacity, battery storage, and transmission and grid enhancements. This deal was notable for its size and impact—at nearly $27 billion, it is the largest loan package in the office's twenty-year history, with a projected $7 billion in cost savings to ratepayers. Perhaps more importantly, it signaled to developers and investors that EDF had unlocked increasingly rare, bipartisan, cross-administration support.

EDF's portfolio of projects has created tens of thousands of jobs, with tens of thousands more in construction and operations. The office's $125 billion in projects have collected nearly $7 billion in interest to date.

Its lifetime default rate across several dozen financed projects is roughly 2 percent. That is down from our 2023 analysis and favorable when compared with commercial and infrastructure banks. It is also significantly better than what private lenders might expect from a portfolio that includes first-of-a-kind, bespoke energy projects. [2]

The policy changes outlined below would restore EDF's dominance, investing taxpayer dollars to deploy high-impact clean energy technologies broadly.

Four Reforms to Make EDF Work Better

As EDF's playbook shifts from defensive maneuvers to a more ambitious vision for its future, Third Way, together with several other stakeholder groups, has developed a set of four structural improvements to help EDF reach its full potential. The goal of these recommendations is to create a more efficient, more transparent, and more durable office with greater impact, regardless of political party or administration.

Most of these changes can be advanced by administrative/agency action—where EDF has the power to help itself, rather than waiting for direction or cover from Congress—but some will require legislative changes. A companion summary details pathways to implement the reforms through executive and legislative action.

Speed Up Project and Deal Evaluation

Process drag, lingering incomplete applications, and ambiguous application deadlines regularly stretch EDF's timelines. Groups like the Bipartisan Policy Center and EFI Foundation have written about how a long, winding application process hinders projects before they even begin. [3]

Both Trump and Biden administration efforts somewhat sped up project evaluations, but not enough. Delays are incompatible with private-sector needs and could cause developers to abandon a facility expansion or relocate to a competing country. US ratepayers and consumers lose in either case.

Delays in project review have created a massive backlog in the applicant queue. As of the end of Fiscal Year 2025, the program had $189 billion in requested financing deals across nearly 90 applications [4] —an order of magnitude above DOE's entire non-defense annual budget. While some applicants have likely walked away or paused applications since then, a meaningful share of that pipeline is still hoping to proceed. [5]

An easy first step is clear communication between EDF and applicants. To do this, EDF or Congress could establish more precise, agreed-upon application work plan agreements between the applicant and EDF for project evaluation. Sharing a common understanding of the application process, timeline, and baseline expectations for EDF responsiveness up front would avoid arbitrary delays and inflated estimates of what projects could succeed. Once an applicant is ready for due diligence, EDF or Congress could require a 60-day deadline for EDF's decision notice to the applicant to either enter due diligence or to answer any outstanding questions. Congress could also revise and augment existing statutory requirements to ensure EDF is responsive to applicants. That could be done by shortening the statutory timeframe for an applicant to check in on its status from 180 to 30 days, and expanding this dialogue to include routine questions about their application materials—not just status checks. Together, these changes would provide clarity for engaged applicants and help DOE focus on the highest-quality projects.

Reauthorize 1706 Now, Not Later

The Energy Infrastructure Reinvestment (EIR) Program, more commonly known as Section 1706, is the largest single loan guarantee authority in EDF's arsenal dedicated to US energy infrastructure finance. Through the One Big Beautiful Bill Act (OBBBA), Congress increased resources for 1706 while scaling back budgets for other EDF programs, such as loans for innovative projects (1703) and advanced vehicle supply chains (ATVM). It also gave 1706 more time to work: all 1706 budgets must be obligated prior to September 30, 2028, rather than their original IRA-authorized 2026 deadline.

However, the administration has not proposed a plan for 1706 in its annual budget request to Congress, nor has it offered a plan for its reauthorization post-2028. This leaves clean energy capital and energy project developers in the lurch, weighing whether it's wise to endure multi-year proposals, underwriting, and project development timelines without some assurance or signal that 1706 will still exist by the end of 2028.

Congress should reauthorize and establish a stable budget structure for the program in 2027, well ahead of the current credit subsidy and loan authorization expiring—when investors truly need clarity.

In addition, OBBBA reduced the emissions reduction requirements originally set in the IRA and shifted 1706 priorities toward baseload power, such as nuclear and gas, and grid projects.[6] [7] [8] Policymakers should seize the opportunity to step back and decide if the program's trajectory is the right one. Congress should clarify the purpose of the program and codify its parameters—which types of projects it supports and key emissions requirements for them—to ensure 1706 keeps pace with rapidly growing energy demands.

Put EDF Transparency On Par With Federal Financing Peers

EDF has over $200 billion in loan authority and has dispensed over $120 billion in loans and loan guarantees to date. With that level of funding, EDF owes Congress and taxpayers transparency on its impact.

The Trump administration has taken the opposite tack, scaling back or discontinuing public reporting on EDF's pipeline, portfolio, and loan authority.

Without consistent reporting, it's difficult for supporters and watchdogs alike to conduct sufficient oversight on program evaluation, due diligence, or risk management. It also means applicants have less visibility into EDF's risk appetite, and skeptics spin unchecked narratives that the office is making unvetted bets with taxpayer money.[9]

In a May 2025 audit, the Government Accountability Office recommended an annual, transparent review of the office's entire application process with a continuous improvement loop.[10] Many information-sharing duties are already fixed in statutory requirements (not just permissions or encouragements) for other major federal credit agencies, including the Development Finance Corporation, Export-Import Bank, Small Business Administration, and Federal Housing Administration.

DOE could voluntarily elect to catch up and keep pace with its peers, as a show of good faith to high-quality applicants and investor partners alike, but has not done so yet.

Codifying recurring transparency reviews through legislation in Congress—not merely self-policing or administrative measures—would lock in best practices and remind investors, policymakers, and applicants that EDF is taking on enough risk to succeed in its mission while managing the use of taxpayer dollars effectively.

Relatedly, when DOE announced late last year the unusual step of taking warrants in the Thacker Pass joint venture, which had received an EDF loan, Energy Secretary Chris Wright said the move would "ensure better stewardship of American taxpayer dollars." [11]

While taxpayers now hold a warrant for potential equity in this private venture, they really have no idea why or how their tax dollars will be protected. DOE should clearly announce when it will seek equity, warrants, or another controlling interest in a borrower, and what guardrails will apply to these actions.

Give EDF The Staff it Needs

EDF, like most DOE programs today, is experiencing staffing shortages and skill gaps that threaten its efficacy, self-inflicted by the current administration's antagonistic posture towards federal employees.

To add a layer of complication, EDF's funding for staff is provided for program by program, with separate lines for 1703 and ATVM, for instance, as the various loan programs themselves were authorized and funded by Congress in different pieces of legislation at different points in time. But in reality, most EDF staff operate across its program lines, performing common functions such as originating new loans or monitoring existing projects.

This piecemeal approach exposes EDF to underresourcing that can threaten project management and new origination. It also means funding for essential staff is a year-by-year fight, subject to political winds in the annual appropriations process.

A more durable solution would be to implement a two-part process:

- First, Congress would provide a base funding level for administrative expenses by program, reflecting the minimum dollars needed for each loan program to operate in that fiscal year.
- Second, Congress would create a new Program Direction account (as other DOE program offices do) that sits above individual loan programs within the budget structure. This new account would allow EDF to charge and use applicant fees across loan programs.

This would put EDF-wide administrative expenses on a path toward partial self-sufficiency, [12] while ensuring flexibility across programs. This new setup would provide a mechanism for collected fees to be budgeted EDF-wide to partially offset appropriations from Congress. It would clearly signal the importance of EDF retaining workforce and talent in carrying out its mission. [13]

For developers supporting 30-year assets looking for a stable financing partner, that consistency would increase trust and lower transaction costs.

The Path Forward

Through chaotic political cycles, EDF continues to advance energy projects, helping to bring new capacity online and lower costs for ratepayers.

Many of the improvements to EDF's processes are achievable with simple guidance updates. But Congress can also implement reforms in future DOE reauthorization and budget cycles, which provide an opportunity to mandate reforms that should receive bipartisan buy-in. Faster decisions, durable reauthorization of Section 1706, restored transparency, and stable administrative support and staffing would strengthen EDF to match the needs of the US energy landscape.

ENDNOTES

1. McDonald, Taite R., et al. "Status and Outlook for the U.S. Department of Energy's Loan Programs Office." *Holland & Knight*, 10 Apr. 2025, www.hklaw.com/en/insights/publications/2025/04/status-and-outlook-for-the-us-department-of-energys-loan-programs. Accessed 24 Aug. 2026.

2. [ii] "How the DOE Loan Programs Office Understands and Manages Portfolio Credit Risk." *Department of Energy*, Office of Energy Dominance Financing, 8 Feb. 2024, www.energy.gov/edf/articles/how-doe-loan-programs-office-understands-and-manages-portfolio-credit-risk. Accessed 24 Aug. 2026.

3. O'Dell Dean, Katelyn, and Zahava Urecki. "Three Big Ideas for Modernizing DOE's Loan Programs." *EFI Foundation*, 15 Dec. 2025, efifoundation.org/insights/three-big-ideas-for-modernizing-does-loan-programs. Accessed 24 Aug. 2026.

4. United States, Department of Energy, Office of Energy Dominance Financing. *FY 2027 Congressional Justification, Volume 3: Energy Dominance Financing*. 2026, www.energy.gov/documents/doe-fy-2027-volume-3-edf. Accessed 24 Aug. 2026.

5. The last publicly available Monthly Application Activity Report, from late 2024, showed roughly 191 active applications in the pipeline with cumulative financing requests of about $297 billion. "Monthly Application Activity Report." *Department of Energy*, Office of Energy Dominance Financing, www.energy.gov/edf/monthly-application-activity-report. Accessed 24 Aug. 2026.

6. Beard, Greg. "Letter from Leadership: EDF 2025 Year-in-Review and Looking Forward to 2026." *Department of Energy*, Office of Energy Dominance Financing, 22 Jan. 2026, www.energy.gov/edf/articles/letter-leadership-edf-2025-year-review-and-looking-forward-2026.

7. Energy Department Reins in Over $83 Billion in Biden-Era Loans and Conditional Commitments." *Department of Energy*, 22 Jan. 2026, www.energy.gov/articles/energy-department-reins-over-83-billion-biden-era-loans-and-conditional-commitments. Accessed 24 Aug. 2026.

8. During the final months of 2025, EDF closed $4.1 billion across the Constellation Crane Restart, AEP transmission, and Wabash Valley Resources deals, and in February 2026 it closed the $26.5 billion Southern Company package, the largest single loan guarantee in DOE history.

9. Allsup, Maeve. "OBBB Didn't Destroy LPO — But Lost Trust and Lack of Leadership Might." *Latitude Media*, 22 July 2025, www.latitudemedia.com/news/obbb-didnt-destroy-lpo-but-lost-trust-and-lack-of-leadership-might. Accessed 24 Aug. 2026.

10. United States, Government Accountability Office. *DOE Loan Programs: Actions Needed to Address Authority and Improve Application Reviews*. GAO-25-106631, 8 May 2025, www.gao.gov/products/gao-25-106631. Accessed 24 Aug. 2026.

11. "Department of Energy Restructures Lithium Americas Deal to Protect Taxpayers and Onshore Critical Minerals." *Department of Energy*, 30 Sept. 2025, www.energy.gov/articles/department-energy-restructures-lithium-americas-deal-protect-taxpayers-and-onshore. Accessed 24 Aug. 2026.

12. For example, DOE's Power Marketing Administrations (PMAs) today already use offsetting collections for distinct uses within a single program account: power sale receipts fund annual PMA operations, and separate purchase-power-and-wheeling (PPW) fee collections offset future PPW expenses, with each budgeted and appropriated separately (e.g., Southeastern Power Administration, H.R. 4553, 119th Cong., as reported, pp. 42–43; Western Area Power Administration, pp. 45–46). A fuller receipts-retention model exists at BPA, which self-finances through the Bonneville Power Administration Fund (16 U.S.C. § 838i) without annual appropriations line of sight to ensure that each loan program receives.

13. For example, Congress in the the DFC Modernization and Reauthorization Act of 2025, enacted in the FY2026 NDAA (P.L. 119-60, § 8754 (139 STAT. 1965)) created a statutory requirement "to maintain capacity" for portfolio oversight and reporting" personnel at DFC.