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On the Grid: Greenlash

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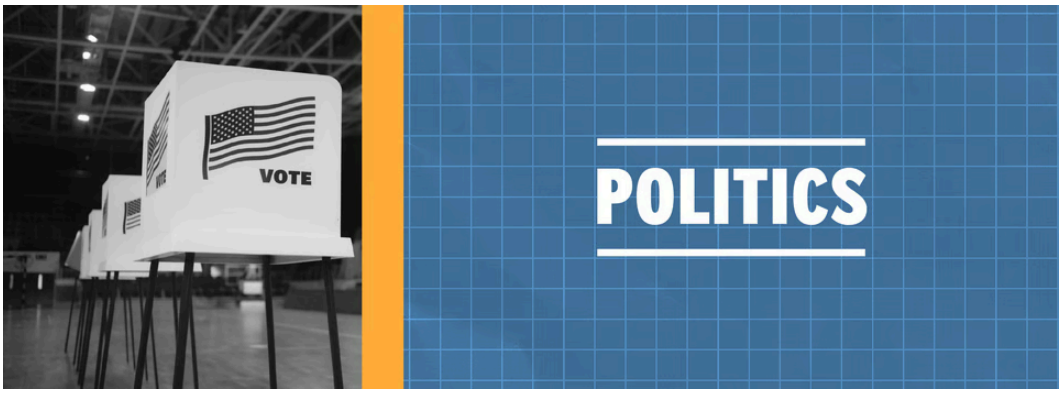
Hi Friend!

Welcome back to *On the Grid*, Third Way's bi-weekly newsletter, where we'll recap how we're working to deploy every clean energy technology as quickly and affordably as possible.

We're excited to have you join us!



For over a decade, American climate advocates have held up Germany's Energiewende–the national strategy it launched in 2010 to hit 80% renewables by 2030 and carbon neutrality by 2045–as proof that an advanced economy could decarbonize without sacrificing growth. It was the most ambitious climate program any industrial democracy had attempted. But, as we lay out in our new memo, the actual German experience tells a very different story–and it's a warning for the US.

What We Found: We interviewed nearly 20 government officials, industry and think tank leaders, and climate advocates across the mainstream German political spectrum. We found that the country's climate and energy policy had inadvertently helped to fuel a dangerous populist backlash.

In 2023, Germany shuttered its remaining nuclear plants for ideological reasons, giving up a fleet that would have brought its electricity emissions close to zero by 2025. For years, it funded renewables buildout through a surcharge on electricity bills that exempted heavy industry and pushed the cost onto ordinary households. To speed progress towards net-zero, the government also supported costly mandates on consumer goods–heat pump requirements for homes, and an EU-backed combustion engine ban–that voters read as elites dictating how the working class should live.

What Went Wrong: Detached from geopolitics and broader economics, this combination of policies might have worked for decarbonization. Germany *did,* in fact, deploy clean tech.

Solar and wind climbed to 56% of the electricity.But policymaking is *always* impacted by external events. Between 2022 and 2025, Russia's invasion of Ukraine cut off access to cheap natural gas and caused defense spending to surge, and China turned from Germany's biggest export market into its most direct competitor. Costs spiked, industry contracted, and both the far-right AfD and the far-left BSW argued that green mandates from educated urban elites deindustrialized Germany at working people's expense.

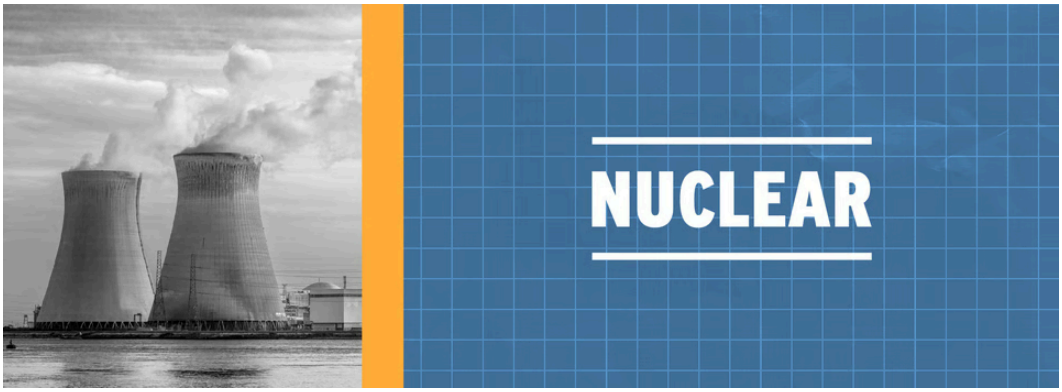
Voters punished Social Democrats (SPD) to the point that its future as a major party is in doubt. The Christian Democrats won the 2025 election in part by keeping emissions targets in place while de-emphasizing climate policy and instead focusing on re-industrialization and energy independence. They're now facing the same backlash from the public that the SPD faced because Germans have lost faith in the mainstream parties' ability to deliver.

What We Can Learn: Germany was more willing than the US to pay for renewables and accept mandates, until it wasn't. When costs climb, and policymakers treat them as secondary to emissions targets, support collapses. The lesson isn't that the US should stop building clean energy; it's that a clean energy transition that Americans can't afford is a transition that gets reversed. There is no progress without durability. Getting it right takes ruthless pragmatism, economic realism, and smart politics.

Optimism has a role in the energy transition, but it must be combined with hard-nosed pragmatism. Lately, the movement has been long on the first and short on the second. On *The Ezra Klein Show* this month, Bill McKibben's attempts at optimism crossed the line to simplistic. He makes the case that the energy transition is easy because renewables are cheaper than fossil alternatives, we have all the technologies we need, and the only thing left standing in the way is the fossil fuel industry protecting its profits. Once enough people try an EV, induction stove, or heat pump, according to McKibben, they won't turn back. In a recent blog, our SVP for Climate and Energy, Josh Freed, explains why McKibben's case collapses in the face of economic and energy realities.

Where McKibben's Story Breaks Down: McKibben is right that the costs of solar, batteries, and EVs have fallen dramatically, and renewables are considerably more cost-effective for electricity generation than fossil fuels. But cheap in the long run isn't cheap at the dealership. Most families buy the car they can afford *today*, and 61% of Americans still want that car to run on gas because they're worried about the price, range, and charging time. A heat pump is no different–whether a family can put one in comes down to interest rates, utility bills, grid capacity, and the wiring in their walls. As recent MIT research makes clear, even where the economics work, the clean energy transition runs into hard limits–how fast we can permit, site, and connect new power.

What We're Doing: Actually addressing climate change requires more than simply eliminating the villains McKibben describes. We need to build more of *everything*–far more wind, solar, storage, and transmission, and clean firm power like nuclear and geothermal–faster. We're going to need answers for decarbonizing the hard stuff–aviation, shipping, steel, cement, long-haul freight–and the industry to match–the mines, factories, ports, grids, and skilled workforce behind it all. We need sweeping permitting reform to get any of it built on time. And we're going to need to do it all faster than China, if we can even catch up. This is a building problem, not a willpower problem, which is why we're working with federal policymakers, governors, and advocates on permitting reform and delivering energy that's both affordable and reliable.



Nuclear power has almost everything it needs to thrive. Demand is rapidly growing; capital is flowing, and there are willing partners on every side of the table. The only thing in short supply is federal leadership. As both the *Washington Post* and the *New York Times* recently reported, leaders in the nuclear industry are increasingly concerned that the Trump Administration's unfocused federal policy is undercutting America's ability to meet skyrocketing nuclear demand.

What We Know: The Trump Administration's marquee nuclear announcements and constant churn of flashy executive orders have not yet translated into actual projects. While headlines celebrated Japan investing at least $80 billion to build Westinghouse reactors, for example, Japan has yet to commit money to a single reactor, and developers have largely written it off. As one official put it, *"Most of us have given up. The administration cannot answer basic questions around how this would work."* The silver lining, however, is that small and advanced reactor projects keep hitting milestones anyway. Kairos, X-Energy, TerraPower, GE Vernova Hitachi, Holtec, and Oklo are all moving, carried by durable bipartisan support and hyperscalers buying firm, carbon-free power.

What Needs to Happen: Federal policy should take signals from projects that clear real commercial gates and adapt accordingly, not those that Washington wishes were. Our recent landscape assessment laid out every announced US project and where they *actually* stand–who has offtake, financing, and engagement with the Nuclear Regulatory Commission (NRC). We found that of the 22 active projects, only 11 are intended as commercial ventures; only 7 have secured offtake; only 6 have publicly announced capital directed at a commercial project rather than a test; and only 2 have received NRC construction permits. But even if every one of these projects were deployed at their full planned capacity, we'd still be 289 GW short of the Trump Administration's 400 GW goal.

Thoughtful federal leadership is the scarcest input in the nuclear industry right now. The Trump administration keeps focusing its energy on projects that will generate headlines, rather than the handful clearing real commercial gates. We're engaging directly with policymakers, industry leaders, and investors to make the case that both the public and private sectors need to concentrate resources and attention on the projects closest to commercial deployment.

- Sarah Kreps, in *Foreign Affairs*, argues that securing America's AI leadership requires building public support for AI infrastructure through transparent siting, real

community benefits, and sustained local engagement, not just faster permitting and greater investment.

- The *Washington Post* Editorial Board contends that federal deregulation alone is insufficient to accelerate nuclear deployment, and calls on states to streamline permitting and reduce legal and financial barriers to new reactor projects.
- Jigar Shah and Deploy Action's Arnab Pal, on the *Energy Empire* podcast, talk with *Volt's* Dave Roberts about data center backlash and the importance of building trust with communities.