

**NEWSLETTER** *Published March 7, 2025 • 9 minute read*

# On the Grid: Uncertainty on Repeat

## 3/07/25



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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!



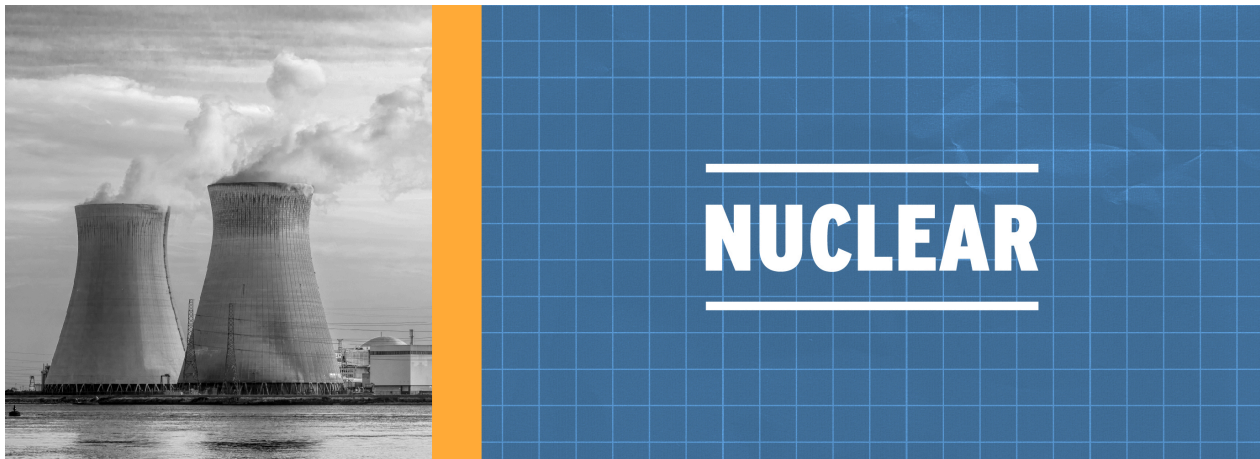
This week, the Trump Administration finalized long-promised tariffs on Canada and Mexico, raised existing tariffs on China, and signaled more “reciprocal” tariffs coming in April. By the time you’re reading this, the tariffs on different sectors, or even on entire countries, may have been paused or revised. This constant uncertainty is part of the problem. As we detail below, there are two different but critically important ways broad tariffs hurt the American economy. As our Economics Team details, tariffs like the ones the Administration has enacted hammer consumers. They also have an immediate and long-term impact focus on American businesses, including the energy and auto manufacturing sectors.

- **Auto Industry Upheaval:** The US, Canada, and Mexico have built an interconnected auto industry, with auto parts crossing borders up to 8 times before a car is fully assembled. We think *both* the Trump Administration and United Auto Workers are wrong to think tariffs will be good for the US. While the tariffs are suspended for a month thanks to the last-minute intervention of the Big Three US automakers, if it is reinstated, a 25% tariff would have a devastating effect. Disrupting the current system would drive up prices at every step, adding up to \$12,000 in added costs to new cars. The American auto industry also supports over 4 million jobs. Tariffs will hit small and mid-sized suppliers the hardest, closing plants already operating on razor-thin margins, while forcing larger automakers to rework long-term business plans.
- **Higher Gas Prices:** The United States is the largest oil and gas producer in the world, but most of what we extract is light crude oil, which 70% of American refineries aren’t built to efficiently process. We rely on our allies—Canada and Mexico—for the majority of our heavier crude oil imports to keep fuel prices low. Now with Trump’s tariffs, American refineries will face higher costs, pushing gas prices up by as much as 40 cents per gallon. This will hurt everyone—Americans already struggling with high costs of living and any business that relies on transported goods for any part of its operations.

- **Unstable Electricity Grids:** The US relies on Canadian electricity imports to keep costs down, especially in northern states. A 10% tariff on Canadian energy—paired with Canada’s 25% retaliatory export tax—will drive up electricity prices and strain the grid for millions of Americans. At the same time, tariffs on Mexico will make essential grid components, like transformers, even more expensive. This will worsen existing shortages, delay infrastructure upgrades, and slow efforts to expand the grid—particularly in Texas. Higher costs for grid materials also mean delays in expanding clean technologies like solar, wind, and battery storage.

**What’s Next?** President Trump issued a one-month pause on tariffs on Mexico and a similar pause for auto tariffs. These exemptions expire the same day the US is planning to impose reciprocal tariffs on all of its trading partners. Constant policy swings are forcing companies into inefficient and costly workarounds to try to mitigate potential risks. Supply chains and manufacturing infrastructure are not built to withstand this kind of whiplash and it *will* have lasting damage.

**What We’re Doing?** These tariffs are a bad deal for American businesses and consumers. Both we and our colleagues in the Economics Program are helping explain this to the media, and making this case to policymakers. You can learn more by checking out Visiting Fellow for Climate and Energy, Dr. Ellen Hughes-Cromwick, conversation about tariffs with Rob Meyer and Jesse Jenkins on the Shift Key podcast.



Surging energy demand for AI data centers has driven a wave of investment into nuclear energy across the Atlantic, with small modular reactor developers raising \$1.5 billion in funding over the past year. This includes a \$700 million investment in US-based X-energy and a \$500 million investment in UK-based Core Power for maritime reactors. This transatlantic momentum presents a strategic opportunity to strengthen a shared nuclear supply chain and bolster our energy security. But to maximize the potential of US-UK leadership and compete with adversaries like Russia and China, investment alone is not enough. We need a strong civil nuclear partnership.

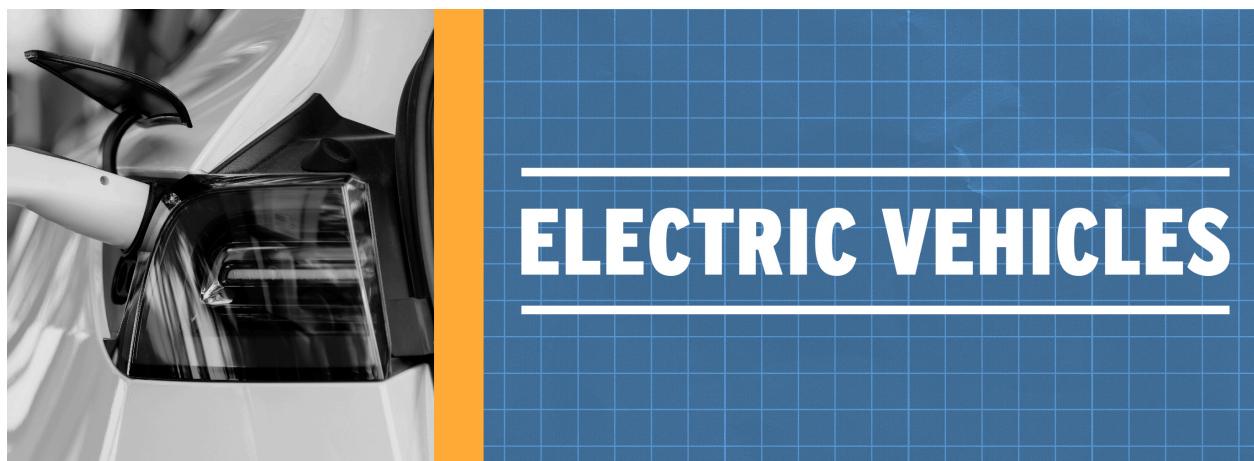
**Enhancing US-UK Partnership in Advanced Nuclear:** This week, we released a joint report with Stonehaven, laying out a roadmap for a formal US-UK civil nuclear bilateral agreement to deepen

cooperation, reduce costs on both sides of the Atlantic, and speed up the deployment of advanced nuclear technology. We identified three key pillars to scale production and streamline approvals:

- **Enable A Transatlantic SMR and Gen IV Reactor Program:** By pooling demand for a select number of reactor designs and agreeing on “sister” order books, the US and UK can send clear demand signals on the volume and timeline of reactors, improving access to credit and reducing project costs.
- **Align Trade Policies to Secure Supply Chains:** By coordinating on trade controls—tariff harmonization, import bans, and free trade agreements for nuclear fuel and reactor components—the US and UK can lower costs, ensure smoother trade flows, and reduce reliance on Russian and Chinese imports.
- **Expand Capital and Regulatory Cooperation:** By leveraging US and UK capital markets and offering partial equity guarantees, we can drive investment in nuclear projects abroad, particularly in Central and Eastern Europe. At the same time, deepening cooperation on global regulatory frameworks can help accelerate commercialization and reinforce our transatlantic leadership.

**What’s Next:** Advancing nuclear energy will remain a top priority of both UK Prime Minister Keir Starmer and US Secretary of Energy Chris Wright. Strengthening nuclear leadership can’t happen in isolation. By working together, the US and UK can move faster to scale up deployment and build a secure, competitive Western nuclear industry.

**What We’re Doing:** Momentum for a stronger US-UK partnership is building. Last week, Representatives Adrian Smith (R-NE) and Jim Himes (D-CT) introduced the Undertaking Negotiations on Investment and Trade for Economic Dynamism (UNITED) Act, a bipartisan effort to establish a comprehensive trade agreement between the US and the UK. This presents a key opportunity to cement nuclear energy as a pillar of transatlantic cooperation. Our team is actively engaging with policymakers to ensure nuclear energy is a central pillar of this growing transatlantic cooperation.

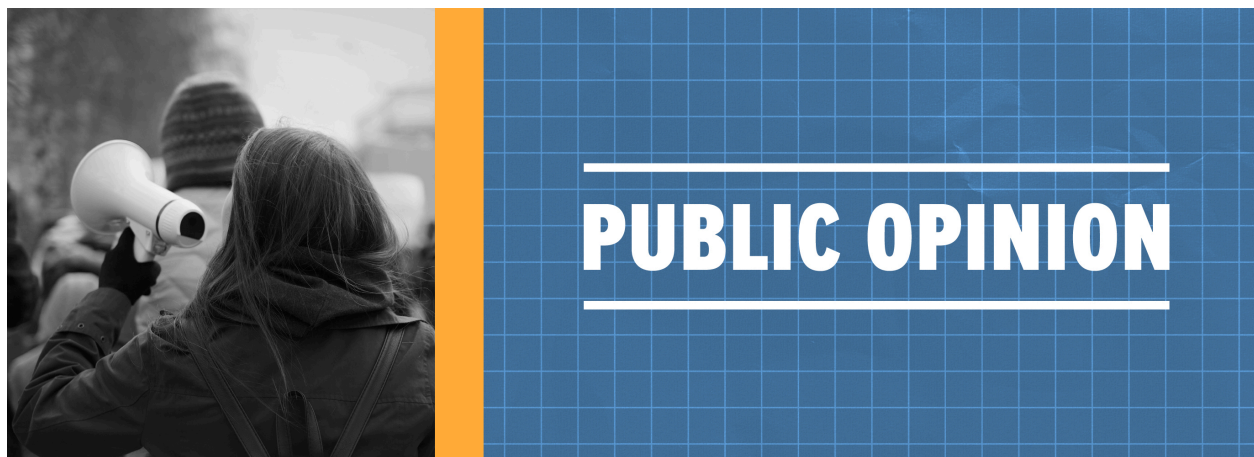




Over the last four years, needless red tape and competing policy goals too often hampered the Biden Administration's infrastructure investments. Nowhere is this clearer than with the National Electric Vehicle Infrastructure (NEVI) Program. You can read our full memo [here on how this program](#) was bogged down by unnecessary rules, bureaucratic delays, and regulatory missteps. The topline include::

- **Red Tape Requirements:** Instead of streamlining EV charging deployment, the Administration buried NEVI in excessive rules—forcing outdated CCS chargers, restricting station locations, and requiring hard-to-find certified electricians—that drove up costs and delays.
- **Building Roadblocks:** Building *anything* in the US has long been a challenge and EV chargers were no exception. Instead of providing clear guidance, the Administration left states and developers to navigate a maze of inconsistent local permitting laws on their own. Outdated regulations blocked charging companies from selling electricity directly to consumers, further stalling progress. Meanwhile, critical supply chain shortages—transformers, power sockets, switchgear—caused multi-year delays. The Administration eventually intervened, but by then, the damage was done.
- **Bureaucracy Over Urgency:** NEVI's final rules weren't released until February 2023—over a year after the program's launch—forcing states to sit on funding instead of actually building. Many had little experience with EV charger deployment and were left to navigate complex siting, permitting, and utility coordination with little federal support. While the Administration had the power to reallocate funds from slow-moving states, they waited until September 2024 to even issue warnings, letting delays pile up instead of pushing for faster progress.

**What We're Doing:** We need to drastically expand the scope, scale, and speed at which we build out *all* clean energy infrastructure. This starts with owning our mistakes—whether that's poorly managed EV programs or outdated requirements [blocking speedy nuclear deployment](#). That's why we're calling out the inefficiencies we saw with NEVI—to ensure decision-makers moving forward understand where we went wrong and don't repeat the same mistakes. We're doing the same with broadband expansion, another critical infrastructure effort that was bogged down by unnecessary bureaucracy.



As [\*Politico\*](#) reported this past weekend, we recognize that Democrats, under President Biden, made a significant misstep in failing to acknowledge and address the concerns of key voters. Many Americans felt that their top issues—particularly those related to the cost of living and inflation—were overlooked. They saw an administration that was overly focused on advancing its own agenda, while largely ignoring the everyday challenges they face—including concerns surrounding immigration and the cost of living, including on energy prices.

We are digging deeper to understand these concerns on energy issues, with a particular focus on non-college-educated men. As we've seen with our [\*previous polling\*](#), there is broad support for clean energy in the abstract. That wanes, however, as soon as people consider the costs—of energy, and the impact on their jobs and their communities. Our new focus groups and surveys have identified an additional issue —non-college-educated men aren't convinced that clean energy is inherently cleaner or better for the environment than fossil fuels. Stay tuned, we'll be releasing more insights from our latest polling later this month.



- [Daniel Yergin, Peter Orszag, and Atul Arya](#), in *Foreign Affairs*, lays out a pragmatic strategy for the clean energy transition, detailing the geopolitical, economic, and technological challenges of scaling up clean energy technologies.
- [Rachel Millard and colleagues](#), in *The Financial Times*, examine the global trend of extending the operational lifespans of aging nuclear power plants to meet increasing demand for low-carbon electricity and the challenges with this strategy.
- [Brandon Hurlbut and Emily Domenech](#), on *Political Climate*, sit down with Rich Powell, CEO of the Clean Energy Buyers' Association, and Travis Kavulla, Vice President of Regulatory Affairs at NRG, to discuss which clean energy projects are poised for progress under the Trump administration, the impact of surging energy demand on supply, and the political challenges shaping the industry.