Analysis of the Bipartisan American Affordability and Jobs Act (BAAJA)

How permitting reform lowers emissions and costs

CLIMATE LEADERSHIP COUNCIL

The Climate Leadership Council reviewed the Bipartisan American Affordability and Jobs Act (BAAJA), publicly available analyses, and our own modeling to conclude that the bill will clearly lower emissions and electricity costs.

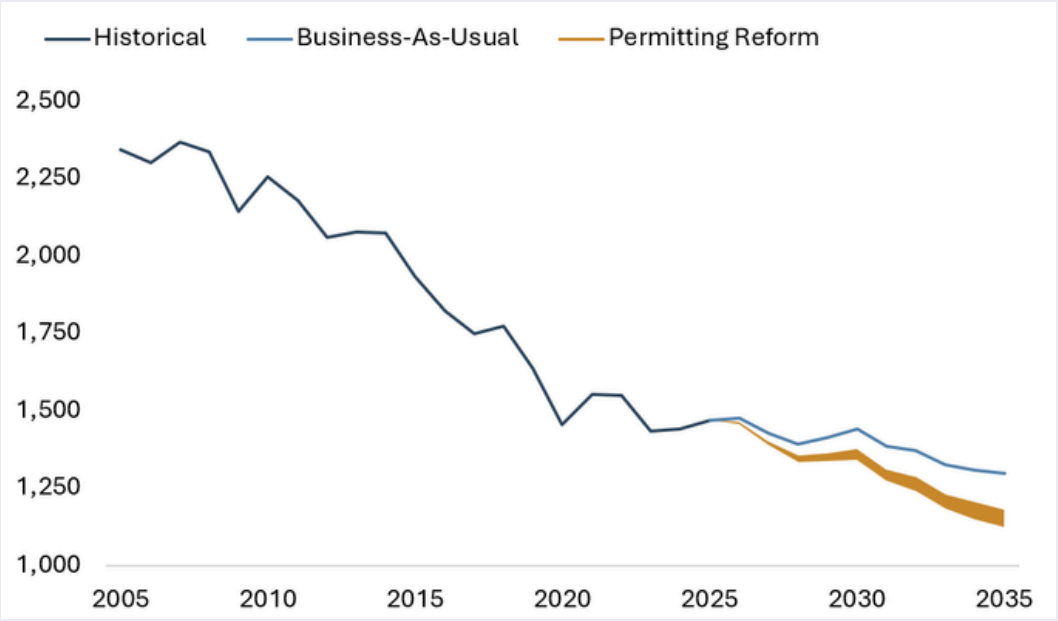
1. BAAJA reduces U.S. emissions from power generation by up to 13.5% below business-as-usual.

C2ES and Greenline Insights forecasted out to 2035 and found that permitting reform could reduce power sector emissions by roughly 9%, relative to 2035 levels, in the Mid-Atlantic, Midwest, and Mountain West regions. Applying those results across the continental U.S., the Council estimates that permitting reform could cut power sector emissions by as much as 24% below 2025 levels in 2035 – a trajectory 13.5% lower than business-as-usual.

That's because permitting reform would deliver outsized benefits in regions not in the initial study, like California, New England, and New York.

Under Business-As-Usual (the current state of policy), power sector emissions in 2035 would decrease 45% from the all-time peak in 2007. Permitting reform without any additional changes to policy would drop emissions between 50% and 53% relative to the all-time peak.

Figure 1 – U.S. CO_2 emissions from power generation (million metric tons)



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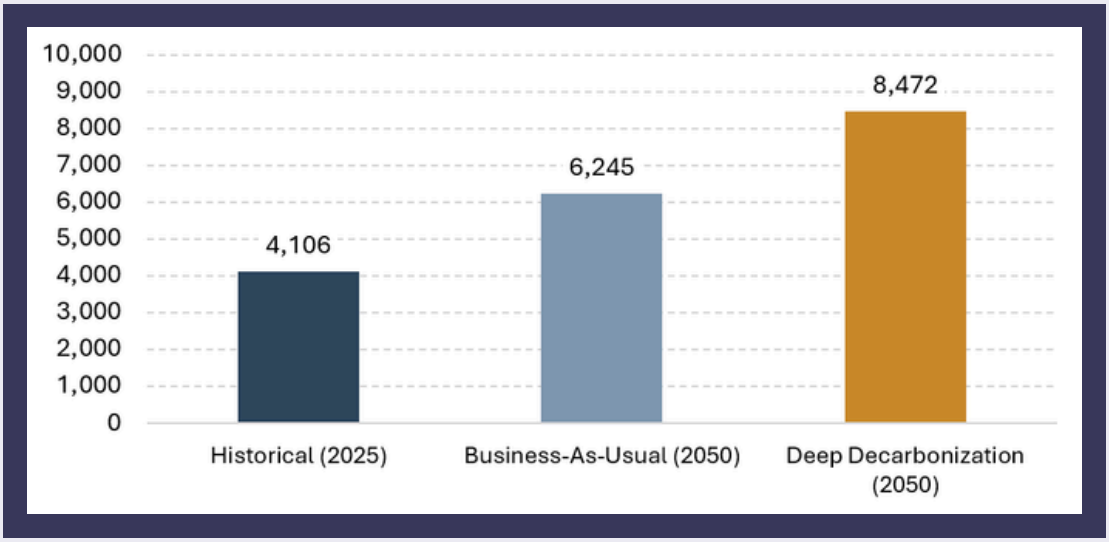
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2. Decarbonization requires doubling U.S. power supply.

The path to decarbonization relies on vehicles, buildings, and industry using power for energy needs. Under Business-As-Usual, U.S. electricity consumption increases to 6,200 terawatt-hours ("TWh") per year alongside a 37% reduction in U.S. CO_2 emissions by 2050. To reach deep decarbonization by 2050, a 90% reduction from all-time peak emissions, requires 8,500 TWh. Decarbonization requires more electrification.

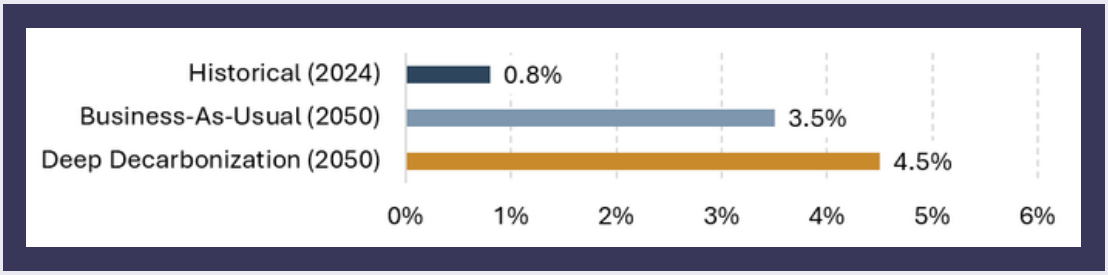
Figure 2 – U.S. electricity consumption (TWh)



3. Electrification requires a lot more transmission.

Delivering more electricity to customers will require huge investment in new transmission infrastructure. The U.S. is expanding high-voltage transmission infrastructure at about 0.8% per year, adding only 888 miles of new high voltage lines in 2024. To accomplish deep decarbonization from Figure 2, the grid must grow at least 4.5% per year, or roughly 6 times the current rate of transmission expansion across the grid.

Figure 3 – Annual growth required of high-voltage transmission lines (%)



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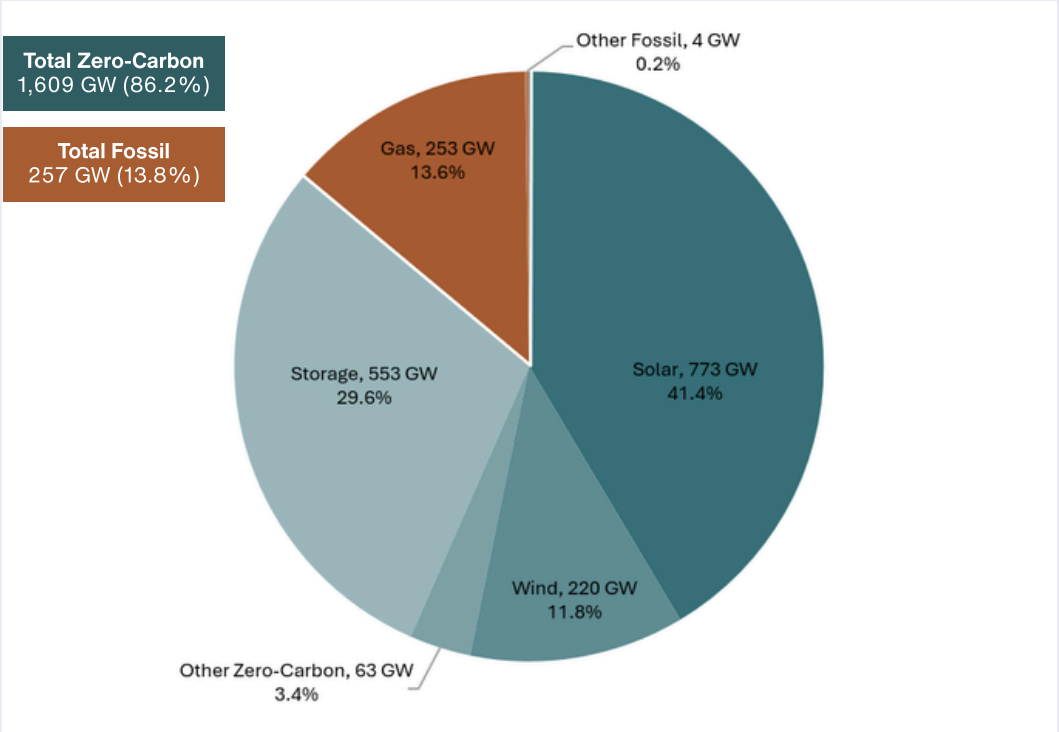
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4. Permitting reform would unleash new electricity capacity and generation, mostly renewables and storage.

About 1,866 gigawatts ("GW") of new electricity capacity are sitting in interconnection queues based on project-level data from Lawrence Berkeley National Laboratory. Zero-carbon capacity (mostly solar and wind) and storage make up 86% of the queue (1,609 GW) compared to only 14% (257 GW) made up by fossil resources.

Figure 4 – U.S. interconnection queues capacity by technology (GW)



Speed to power is essential for meeting rising electricity demand. But right now, bringing resources from the queue to operation has never taken longer. In 2005, average wait times were about 18 months for connection to the grid. Last year, the average wait was more than five years.

Delays push large load centers toward gas. They want reliable, affordable electricity around the clock, and when the grid can't deliver it in time, they build their own gas units.

These can connect to the natural gas distribution system in weeks, allowing load centers to operate while they await a grid connection. For example, the SpaceX "Colossus" data center near Memphis, Tennessee ran from off-grid gas turbines before entering into a connection agreement with the Tennessee Valley Authority in August 2026.

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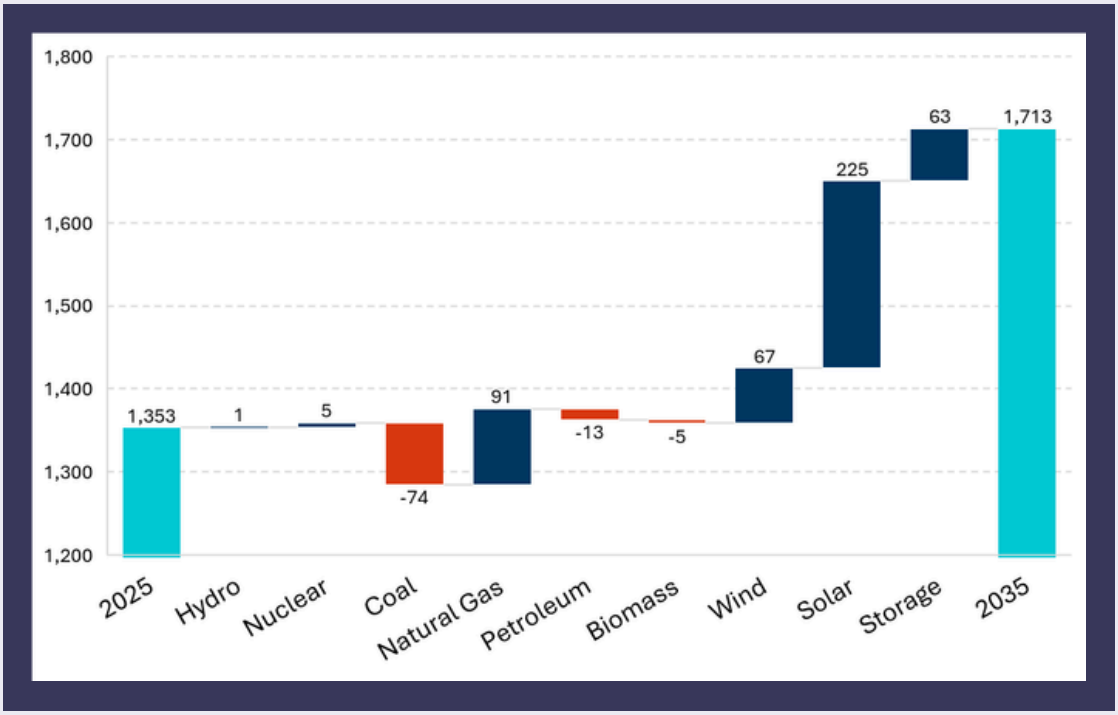
5. BAAJA makes it easier to build every kind of energy, and emissions still fall.

BAAJA speeds permitting for energy projects of all kinds, including oil and gas. But analysis of comparable legislation found that the emissions benefits of expanded transmission and clean power more than offset emissions increases from oil and gas leasing, pipelines, and LNG exports. That's because a larger transmission system and faster processing timelines would disproportionately favor renewables and storage.

The Council predicts that under Business-As-Usual, **fossil power capacity (including behind-the-meter and off-the grid units) grows only 4 GW compared to 356 GW for everything else.**

This outcome is because new gas capacity often comes at the expense of coal and oil capacity rather than renewables and storage capacity. For instance, Figure 5 shows the Council's projected change in U.S. power capacity between now and 2035 under the Business-As-Usual scenario. This trend only speeds up with more renewables and storage coming into commercial operation instead of being stuck waiting in the interconnection queues.

Figure 5 – Change in U.S. power capacity under Business-As-Usual (GW)



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6. BAAJA unlocks a critical clean firm power source: geothermal.

Advanced geothermal is an emerging "clean firm" resource that American innovators have pioneered. While current U.S. geothermal power capacity is only 4 GW, geological surveys indicate the U.S. could support nearly 800 GW of geothermal capacity across the country—including 530 GW of "clean firm" power capacity. Such potential is 93% the capacity of the current fleet of U.S. power plants running off natural gas as fuel.

BAAJA would require annual geothermal lease sales, with a replacement sale if one is cancelled, and set deadlines for the Department of the Interior to confirm a drilling permit application is complete and then issue or defer the permit. It's also an American technological edge, one that positions the U.S. to lead global exports.

7. BAAJA could reduce electricity system costs by up to $350 billion.

Affordability analyses suggest permitting reform could reduce electricity costs across the power system between $125 billion and $350 billion, as much as 7%, by reducing transmission congestion and bringing more low-cost resources onto the grid faster. One estimate noted, "the combined impact of [the BAAJA] would **reduce household electricity bills by $50-78 per year in 2040 compared to without BAAJA."**

About

The Climate Leadership Council (the Council) is a 501(c)(3) organization whose mission is to develop and promote market-based policies that advance U.S. competitiveness, security, and economic opportunity as the central strategy for lowering global emissions.

Research and work products are that of the Climate Leadership Council and not necessarily that of its organizational partners.