Modeling BAAJA's Impact:
Minor Emissions Reductions, Major Fossil Fuel Risks

The Bipartisan American Affordability and Jobs Act of 2026 ("BAAJA") contains significant policy changes, including technology-neutral "project certainty" guarantees, which will permanently shift how the United States approves energy projects, curtail all future federal regulation of energy facilities, as well as make significant changes that increase the federal role in transmission and grid interconnection.

Modeling efforts to date have projected small reductions in emissions resulting from BAAJA's grid provisions for improving transmission and speeding interconnection of renewable energy. These analyses also recognize that BAAJA will benefit fossil fuel infrastructure projects, lock them in through "project certainty" provisions, and increase fossil fuel exports. Modeling efforts have not attempted to estimate the emissions effects of "project certainty" provisions and fossil fuel exports. However, the resulting emissions are likely to cancel or even swamp the reductions from renewables expansion. Below is an overview of these modeling efforts and an analysis of long-term global emissions consequences of BAAJA.

Modeling shows the potential for small reductions in emissions.

Modeling analyses to date only cover BAAJA's grid provisions. No analysis estimates impacts from BAAJA's "project certainty" provisions that expand and lock-in fossil fuel infrastructure. Projected changes in U.S. emissions under BAAJA compared with current policy range from no change (0%) to a 3.8% decrease in 2040. Total U.S. emissions *increase* under BAAJA between 2033-2040 in the Rhodium Group's high-emissions scenario.

Rhodium Group:

- Rhodium's model projects a **2.5% decrease in total U.S. emissions in 2040** (107 million metric tons (MMT)) under BAAJA compared to current policy in a mid-emissions scenario.[1] This equates to a **cumulative emissions reduction from 2027-2040 of only 0.6%** under BAAJA compared to current policy.[2] Projected emissions reductions under BAAJA compared to current policy range from 0% (no reduction) to 3.8% per year in 2040 in a low-emissions scenario.
- **Total U.S. emissions *increase* under BAAJA between 2033-2040 in the high-emissions scenario**.[3]
- Net clean capacity added to the grid between 2025-2040 increases by 13% for solar and 15% for wind, but decreases by 2% for storage, under BAAJA compared with current policy in a mid-emissions scenario.[4]
- BAAJA drives a **50% increase in the average rate of interregional gas pipeline construction and new capacity** compared with current policy in a mid-emissions scenario.[5]

[1] Rhodium Group, Estimating the US Energy System Impacts of the Bipartisan American Affordability and Jobs Act (Nov 2, 2026), https://rhg.com/research/baaja-us-energy-system-impacts/. Based on Figure 6.
[2] Cumulative emissions reductions from 2027-2040 under BAAJA compared to current policy are only 0.13% under the high-emissions scenario, 0.58% under the mid-emissions scenario, and 2.39% under the low-emissions scenario.
[3] U.S. emissions under BAAJA pivot from decreasing between 2027-2032 to increasing between 2033-2040.
[4] Based on Rhodium Group's Figure 4.
[5] Based on Rhodium Group's Figure 3.

- BAAJA drives a **15% increase in LNG gas exports** (additional 1.8 trillion cubic feet exported in 2040) compared with current policy in a mid-emissions scenario,[6] primarily due to provisions that make it easier to build new gas pipelines to connect production basins to export terminals. Rhodium's modeling does not include the emissions impacts from the combustion of these increased U.S. gas exports abroad.
- Rhodium's central model assumes a moderate level of data center build-out where grid-connected data centers account for 17% of total U.S. electricity demand in 2040. An additional Rhodium analysis shows that a higher level of data center demand would significantly increase U.S. emissions, particularly where data centers are powered by a combination of off-grid and grid-connected gas which likely aligns more closely with current data center plans. Although BAAJA may not drive all the emissions increases from a larger data center build-out, it would play an important role. As stated by Rhodium modelers, BAAJA's provisions make it easier to build new gas pipelines that data centers may require. Environmental Integrity Project estimates that 151 gas pipeline projects are currently underway or proposed that could add more than 10,000 miles of gas pipeline.[7] However, whether the bill would encourage more grid-connected data centers through "transmission and interconnection provisions [that] make it easier and faster to bring more generators onto the grid" is uncertain. It could just as easily encourage more off-grid gas power by increasing the cost of grid-connected power for data center developers through the ratepayer protection provisions. Off-grid gas generation is likely to result in more emissions as off-grid gas turbines and engines would run continually and are less efficient.

C2ES/Greenline Insights: This model projects that power sector emissions decrease by 71 MMT in 2035, equal to a **1.6% decrease in total U.S. emissions in 2035** under BAAJA compared with current policy.[8] The model projects that solar generation capacity could rise from 13% to 16%, wind from 19% to 22%, and battery storage from 1% to 2% by 2035.

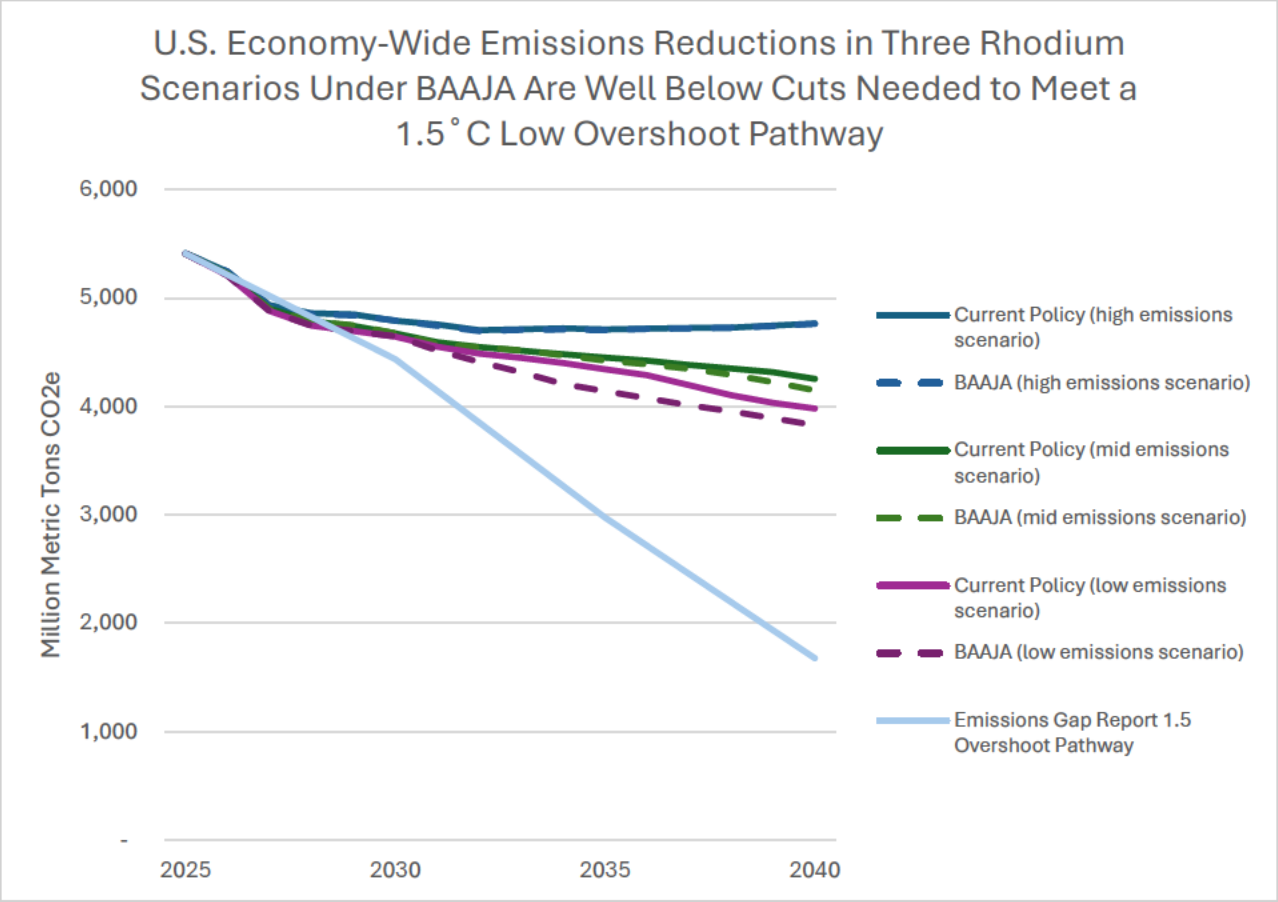
Resources for the Future:
- U.S. power sector emissions decrease by a maximum of 210 MMT in 2028 and by smaller amounts (~100 MMT per year) in most other years through 2041.[9] This equates to a **2.6% decrease in total U.S. emissions in 2040 under BAAJA compared with current policy. However, total power sector emissions *increase* under BAAJA between 2029-2041 in the central scenario.**
- Solar generation capacity stays the same at ~22%, wind increases from ~21% to 25%, while battery storage decreases from ~6% to 4% in 2041 under BAAJA compared with current policy.[10]
- The analysis states that "BAAJA would amend multiple statutes with potentially wide-ranging effects across the energy system and beyond" but that the study "focuses exclusively on the power sector" and does not model changes in gas pipeline development and gas exports.

[6] Based on Rhodium Group's Figure 5.
[7] Environmental Integrity Project, Tunnel Vision: Trumped up "Energy Emergency" Accelerates Pipeline Boom (Oct 2026), https://environmentalintegrity.org/wp-content/uploads/2026/10/EIP_Report_TunnelVision_10.28.26.pdf at 8
[8] C2ES & Greenline Insights, Grid and Economic Impacts of Interconnection Queue Reform and Interregional Transmission Expansion (Sep 2026), https://www.greenlineinsights.com/interconnection-and-transmission-reform
The percent decrease in total U.S. emissions is calculated using the mid-level current policy scenario from the Rhodium Group's "Taking Stock 2026" projections at https://rhg.com/research/taking-stock-2026/.
[9] Resources for the Future, Projected Effects of the Bipartisan American Affordability and Jobs Act on the Power Sector (Oct 2026), https://www.rff.org/publications/issue-briefs/projected-effects-of-the-bipartisan-american-affordability-and-jobs-act-on-the-power-sector/
[10] Estimated from C2ES's Figure 2.

American Petroleum Institute: This analysis models permitting reforms that accelerate the approval process for energy infrastructure projects including electric transmission lines and gas pipelines. The model estimates that power sector emissions decrease by 33 MMT in 2035, [11] equal to a **0.7% decrease in total U.S. emissions**.

Columbia University: This analysis was not able to model emissions effects because the policy changes made future emission reductions "highly uncertain." It concludes that "BAAJA is not climate legislation" and is "no substitute for an ambitious federal climate strategy."[12]

Emissions decreases are well below cuts needed for low overshoot of the 1.5˚C target. The United Nations Environment Program concluded that global emissions must fall 18% by 2030, 45% by 2035, and 69% by 2040 below 2025 levels to secure the lowest possible 1.5°C overshoot scenario that limits warming to 1.7 to 1.8°C.[13] The small projected U.S. emissions reductions under BAAJA are clearly nowhere near enough to avoid catastrophic climate damages.



Source: Oil Change International using Rhodium Group analysis (Nov 2, 2026) and UNEP Emissions Gap Report 2026

[11] ICF for API, Permit Reform Impact on U.S. Natural Gas, Power Markets, and the Economy (2026), https://www.api.org/-/media/Files/Energy-Economics/API-Studies/2026/ICF-API%20Permit%20Reform%20Study%20Report.pdf at 7

[12] Columbia Center on Global Energy Policy, What the Bipartisan American Affordability and Jobs Act Means for the U.S. Energy System (Oct 2026)," https://www.energypolicy.columbia.edu/publications/what-the-bipartisan-american-affordability-and-jobs-act-means-for-the-u-s-energy-system/

[13] UNEP, Emissions Gap Report 2026, https://www.unep.org/en/publications/report/emissions-gap-report-2026

Fossil Fuel Expansion and Lock-in Under BAAJA Could Lead to Large Emissions Increases Over Many Decades.

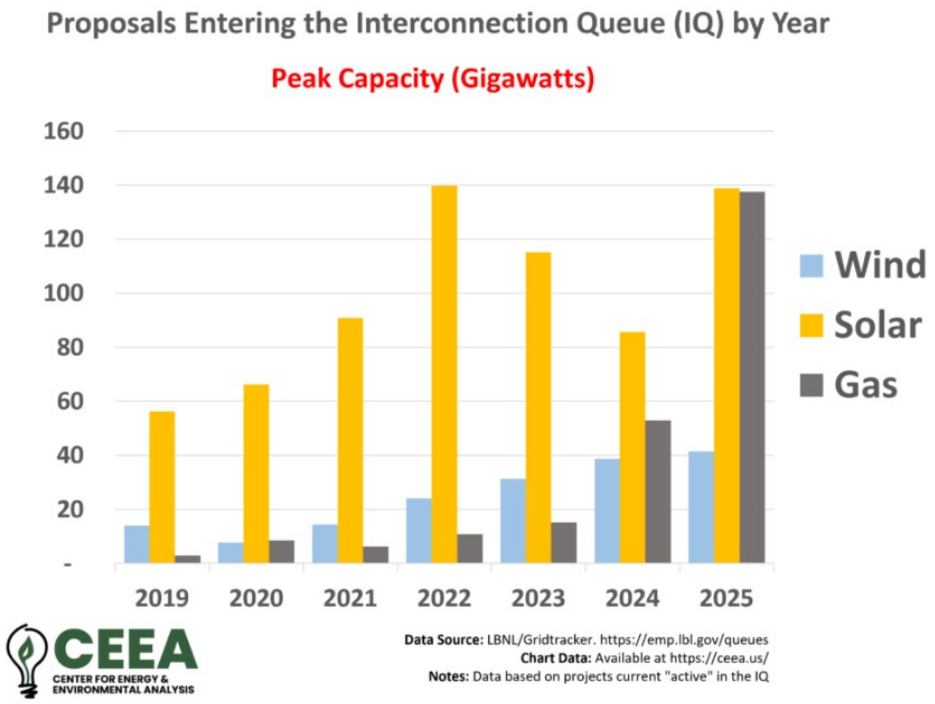
BAAJA locks in fossil fuel projects and limits oversight. BAAJA's sweeping deregulatory provisions restrict judicial review and state and Tribal authority, limit agencies' ability to revoke or reconsider approvals, and expose taxpayers to potentially enormous payouts when permits are delayed or revoked. These provisions constrain future administrations, making fossil fuel projects easier to approve and harder to reverse.

BAAJA's "project certainty" provisions are difficult to model but they have the potential to significantly increase fossil fuel emissions for decades by expediting, expanding, and locking in fossil fuel energy projects, particularly gas-powered data centers, LNG export facilities and gas exports, and petrochemical plants. Because fossil fuel infrastructure has long lifespans, often 30 to 50 years, these emissions will be locked in for many decades.

Expanding Gas-Fired Power Plants

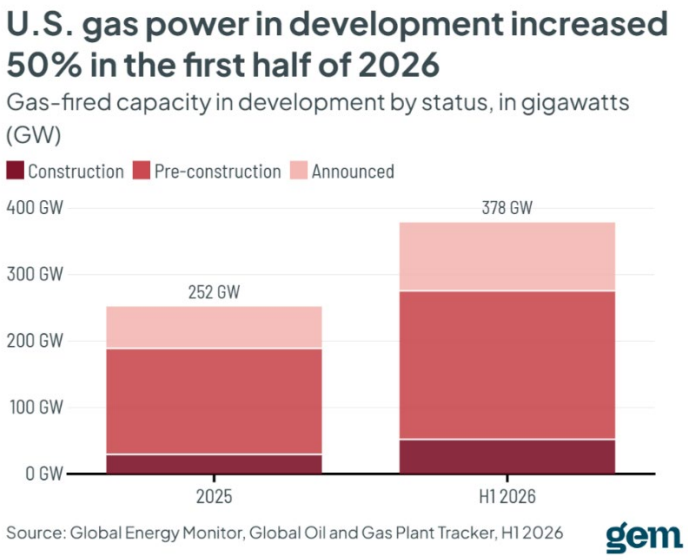
BAAJA would speed approvals for a rapidly expanding fleet of gas-fired power plants, driven largely by surging data center demand, which could lead to large emissions increases.

- **Gas power projects in the current interconnection queue have surged due to data center demand.** While the interconnection queue had recently been dominated by solar projects, this is no longer the case. The capacity of gas projects entering the interconnection queue increased by nine times over the past two years.[14] In 2025, new gas project capacity entering the grid interconnection queue matched solar capacity. These grid-connected gas projects do not include rapidly increasing off-grid gas projects to power data centers.

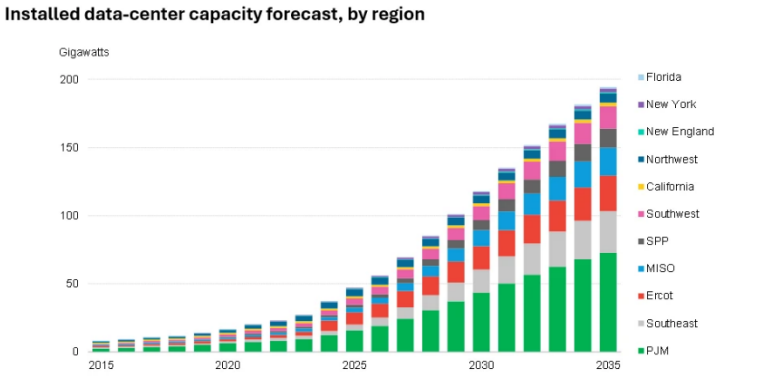


[14] CEEA, Greenhouse Gas Impacts of Permitting Reform Legislation (Oct 2026), https://ceea.us/what-models-tell-us/

- **Gas power projects surged even more in the first half of 2026 due to data center demand.** In the first half of 2026, gas power capacity in development in the U.S. jumped 50% from 252 gigawatts to 378 gigawatts (GW), accounting for one-third of the global total.[15] That increase was driven by power plants tied to data centers which nearly doubled in the first half of 2026. If all these plants are built, the U.S. gas fleet would increase by roughly two-thirds.



- **The data center buildout is projected to continue over the next decade.**
  - The number of installed data centers in the U.S. increased from 341 in 2016 to 1,238 as of October 2026, with 540 more in construction.[16]
  - Installed U.S. data center capacity is projected to grow sharply over the next decade, reaching 194 GW by 2035.[17]
  - Data center gas demand is projected to rise to more than 15 billion cubic feet per day by 2035, which is more gas than is currently consumed by most nations.[18]

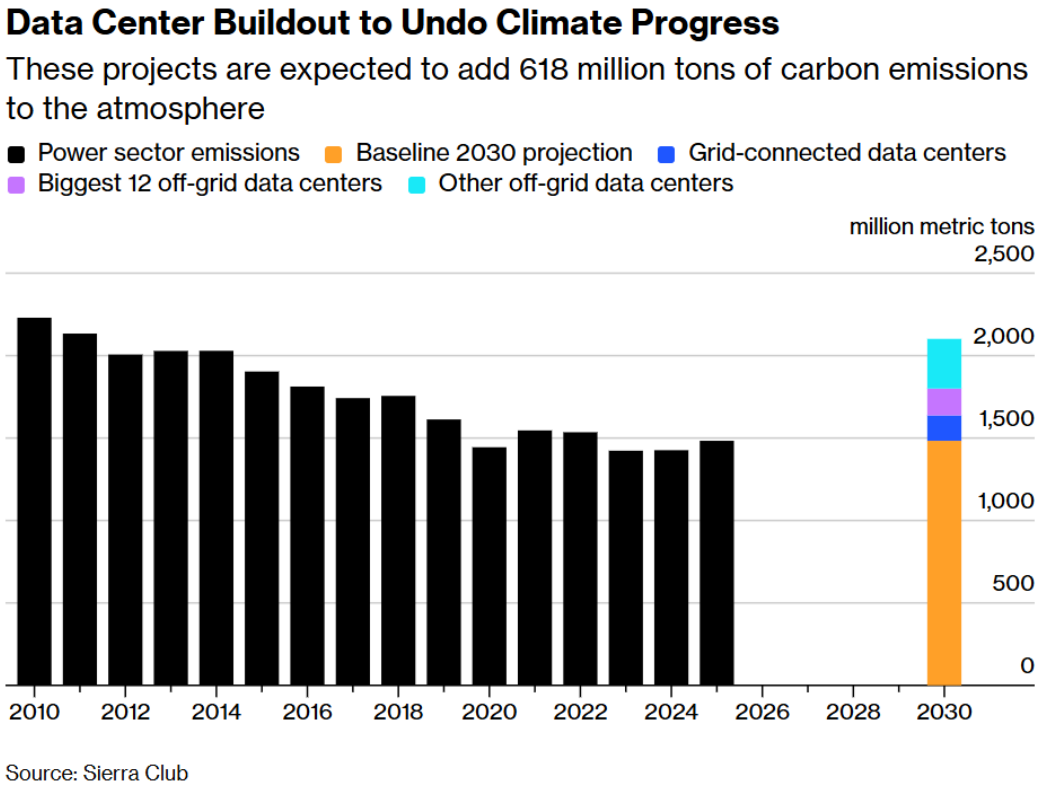


Source: BloombergNEF, DC Byte. Note: Values are as of the end of the year. SPP is Southwest Power Pool, MISO is Midcontinent Independent System Operator, and Ercot is Electric Reliability Council of Texas.

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[15] Martos, J., U.S. gas power proposals tied to data centers nearly double in six months, Global Energy Monitor (2026), https://globalenergymonitor.org/research/us-gas-power-proposals-tied-data-centers-nearly-double-six-months
[16] Cleanview (Oct 2026), https://newsletter.cleanview.co/p/new-look-new-tools
[17] BloombergNEF, Six Things to Know About BNEF's New US Data Center Capacity Outlook (July 2026), https://about.bnef.com/insights/data-centers/six-things-to-know-about-bnefs-new-us-data-center-capacity-outlook/
[18] BloombergNEF, US Data Centers Set to Burn More Natural Gas Than Most Nations (Sep 2026), https://www.bloomberg.com/news/articles/2026-09-14/us-data-centers-set-to-burn-more-natural-gas-than-most-nations

- **The data center buildout is projected to significantly increase power sector emissions and undo climate progress.**
  - 99 proposed data center gas plants would emit an estimated 318 MMT CO_2 each year if built and would increase U.S. power sector emissions ~20-33% above 2025 levels.[19]
  - Gas-powered data centers could emit 618 MMT CO_2 each year by 2030 from grid-connected and off-grid power plants. This would increase U.S. power sector emissions 42% above 2025 levels.[20]



Expanding Liquefied Natural Gas Exports and Petrochemicals

U.S. liquefied natural gas (LNG) exporters plan to add 13.9 billion cubic feet per day of liquefaction capacity between 2025 and 2029, more than doubling capacity.[21] Pipeline delays constrain this expansion and BAAJA would ease permitting barriers for the pipelines and terminals needed to export more gas. Exported LNG has high lifecycle emissions, estimated up to 33% greater than that for coal.[22] These emissions occur in the U.S. during production, transport, and liquefaction, and outside the U.S. during tanker transport and combustion. U.S. emissions modeling of LNG exports typically fails to account for emissions occurring outside U.S. borders and therefore substantially undercounts the global emissions impacts of U.S. gas exports.

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[19] Bloomberg, Data Center Gas Plants to Boost US Power Emissions by 20% (Aug 2026), https://www.bloomberg.com/news/articles/2026-08-18/data-center-gas-plants-to-boost-us-power-emissions-by-20

[20] Bloomberg, US Data Centers Could Undo 15 Years of Declines in Power Emissions (Oct 2026), https://www.bloomberg.com/news/newsletters/2026-10-28/us-data-centers-could-undo-15-years-of-power-emissions-declines

[21] U.S. EIA, North America's LNG export capacity could more than double by 2029 (Oct 16, 2025), https://www.eia.gov/todayinenergy/detail.php?id=66384

[22] Howarth, Robert, The greenhouse gas footprint of liquefied natural gas (LNG) exported from the United States, Energy 12 Sci. Eng. 4843 (2024), https://doi.org/10.1002/ese3.1934

BAAJA is also likely to expand petrochemical production. U.S. petrochemical production and use already emit more than 300 MMT of carbon dioxide equivalent annually, about 5% of U.S. greenhouse gas emissions. More than 100 new projects are planned, with the 42 largest adding nearly 120 MMT annually. [23]

The United States can modernize its grid and accelerate renewables and energy storage without entrenching fossil fuel dependence, curtailing public oversight, or exposing taxpayers to enormous payouts. Effective climate policy must expand clean energy and reduce fossil fuel emissions—not lock in decades of additional pollution.

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[23] CIEL et al., Toxic Finance: The Banks and Investors Funding the Expansion of Petrochemicals in the US (2026), https://www.ciel.org/wp-content/uploads/2026/03/Toxic_Finance_Report.pdf