TRUE GREEN CAPITAL

The Tide Has Turned
U.S. Election Results Constructive for Renewable Energy Policy

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White Paper
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The general consensus is that the midterm election results are pointing to a change of course. Polling data, among others, pointed to spiking energy prices and affordability as key issues that led to the larger than expected Democratic sweep of both houses of Congress as well as several governorships in traditionally Republican U.S. states. Of significant note were Democratic gains in traditionally Republican states like Texas, Kansas, South Carolina, Maine, Iowa, Mississippi and Alaska, along with rust belt states like Ohio.

We found the President's conciliatory comments after the election regarding the "willingness to work with Democrats" as potentially a more centrist approach to the administration going forward. On the other hand, Truth Social postings about vetoing any Democrat-led legislation could be pointing to a combative next two years. Could we have a Clintonesque 2nd term where the Trump administration is forced to moderate its policies, in order to attempt to regain the coveted independent vote in the next election cycle? We believe that ultimately the approach will be mixed, with some issues gaining bipartisan support and some becoming hot political battlefields.

The balance of this paper provides our perspective on key areas that are relevant to the solar industry including:

1. The extension of the Investment Tax Credit ("ITC")
2. Permitting reform
3. U.S. manufacturing onshoring
4. Affordability vs. winning the AI race
5. Implications for US State policies

Overall, we see a favorable path in all five areas for renewable energy investments, and in particular for distributed solar and batteries.

Renewable Energy Policy Implications

Federal Investment Tax Credits

It is likely that a Democratic Congress will push to extend, and/or restore, the soon expiring solar ITC. Several Democratic leaders have made statements of support for the ITC extension. That includes the incoming chairman of the Senate Finance Committee, Ron Wyden, the Senate Democratic leader, Chuck Schumer, as well as their counterparts in the House. The policy choice is clear. The questions are the direction of the path and timing.

We have been on record since 2016, in several of our Quarterly Investor Letters, taking the position that the ITC does not accrue to the solar equity investors and is primarily benefiting the developers, the tax equity investor as well as a "pancake" of advisors (i.e. the soft costs) required to execute on what is typically a quite complicated legal and accounting tax equity transaction. Case in point is the comparison between the U.S. and the UK where there is no ITC and project Capex is ~40% less than the U.S. Over 50% of that difference is development fees as well as UK "soft costs" that are ~10-20% of what we pay in the U.S. On the other hand, the sunset of the ITC has been particularly detrimental to the development side of the U.S. solar business, where many developers are out of business or are selling construction-ready projects at rock bottom prices. Furthermore, the sunset of the ITC and the limited regulatory visibility after that period has created a vacuum for development pipelines, a particularly damaging effect still to be felt as the U.S. is rapidly becoming short power. As a result, restoring the ITC will incentivize developers again to develop much needed projects.

Any new legislation would require the President's signature. It is important to note that the President has dug himself in on renewable energy policy. In that sense, context matters in gaining his support. While he may agree to a broader bill, it would be a reversal for him to agree to the ITC extension. Is the extension attached to the debt limit? Is it attached to a budget deal? These will be important differentiators for which we currently have no visibility. In that case, there is a reasonable probability that Trump, the deal maker, prevails, and the ITC extension is part of a broader package. The context will be an area of focus for TGC during the next several months and will provide a leading indicator on the potential for an ITC extension.

Absent the President's signature, a two-thirds majority of both chambers is required to override his veto. We believe there is a real possibility of this happening, with 290 votes required in the House (currently 257 Democratic, 34 Republican votes needed out of 172) and 67 required in the Senate (currently 56 seats, requiring 12 Republican votes).

A third possible option would be that Trump opposes the extension of the ITC but does not veto it. In this instance, the normal legislative process applies. Republicans overall may not be willing to fight against the ITC extension due to affordability, energy security, and winning the AI race (solar

and batteries can be built faster than any other "behind the meter" technology for data centers without burdening the existing power system). In the Senate, Democrats would generally need 60 votes to overcome a filibuster - potentially four Republican votes if Democrats have 56 reliable caucus votes. Democrats now have enough votes in the House. The four Republican votes could likely come from a number of Republican senators that have been long term supporters of renewable projects for several reasons including corresponding job creation in their states.

Permitting

Permitting reform is already very favorable for renewables. As of mid-November 2026, the Senate is debating a ~400-page permitting bill, that will make it easier to build infrastructure projects. Fundamentally, permitting reform is perceived as a lever to save ratepayer money, an important objective for both parties at a time when affordability is a hot political topic.

The objective of the bill is to introduce faster permitting and reduce the risk of judicial or political overturn after a permit is issued (as was the case with several offshore wind projects through the Trump administration's Department of the Interior). The bill achieves its objective by modifying the National Environmental Policy Act, the Clean Water Act and the National Historic Preservation Act.

The bill will be helpful for developers of all sorts of infrastructure, from oil and gas pipelines, power transmission and distribution as well as to utility-scale wind and solar projects, geothermal, nuclear, and practically any form of electric power generation. The bill also includes provisions for distributed energy and a shield against stop-work orders for offshore wind projects.

Based on what we hear from our Washington, DC based policy advisors, we believe that there is a real possibility that some form of a negotiated bill passes during the lame-duck session. In any case, negotiations will start afresh in January after the new Congress is seated.

Domestic Manufacturing

Extending and/or expanding domestic renewable manufacturing credits for eligible renewable energy 45X and 45E appears to be a no-brainer in the new Congress. The Trump administration is a huge proponent of additional onshoring, while a Democratic Congress, and some Republican officials with, for example, panel manufacturing in their states, will be supportive.

TGC has several large projects that are grandfathered with the ITC and can benefit from the additional tax credits related to domestic equipment. The current market is relatively tight in terms of pricing and capacity, and we would welcome additional and expanded domestic manufacturing.

Affordability vs. Winning the AI Race

What is abundantly clear is that the next Congress will face mounting pressure to address rising energy costs, meet America's rapidly growing electricity demand, and advance solutions that strengthen America's energy supply, all of which present excellent opportunities for solar, batteries, and other distributed energy solutions. As affordability remains front and center, an "all of the above" energy policy appears not only logical but possible in a split political environment. As Figure 1 points out, solar and batteries remain the quickest and cheapest option to get more electrons on the grid. Perhaps Republicans appreciate that affordability, particularly around natural gas, power and other energy costs, is arguably the key issue in this current environment.

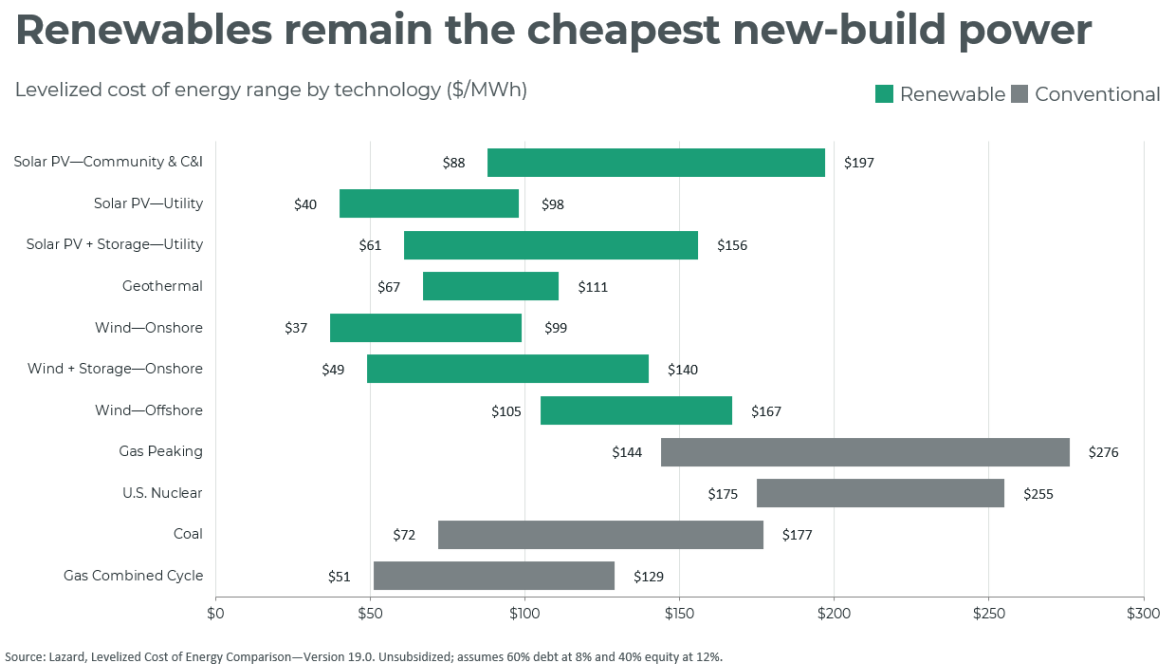


Figure 1: Levelized cost of electricity for various power generation technologies[1]

Affordability and data centers have collided during the last 12 months as data centers require massive amounts of highly priced marginal cost electricity, significantly raising electricity prices for the general consumer. The Trump Administration is highly focused on winning the "AI race" and understands that energy supply remains a key bottleneck.

Clean energy is the fastest, and in most markets, the cheapest way to build new generation to meet skyrocketing demand for electricity. Democrats understand this, as well as many Republicans. We

[1] Lazard (2026). *Levelized Cost of Energy+ (LCOE+)*. July 2026

would not be surprised to either (a) see some sort of quiet compromise in the next couple of months, prior to a Democratic Congress or (b) see a Democratic full court press on expanding renewable adoption and lack of a fight from the Trump administration, given the importance of low-cost energy supply to compete with China.

State Policy

As a reminder, U.S. states are responsible for the power network as well as generation, and ultimately state level policy is more consequential than federal legislation. As Figure 2 demonstrates, there were a number of notable Democratic governorship victories, the most notable being Texas, with both a Democratic senatorial win and new Democratic governor, the first time in nearly 30 years. Ohio, Georgia, and Nevada were other notable Democratic wins.

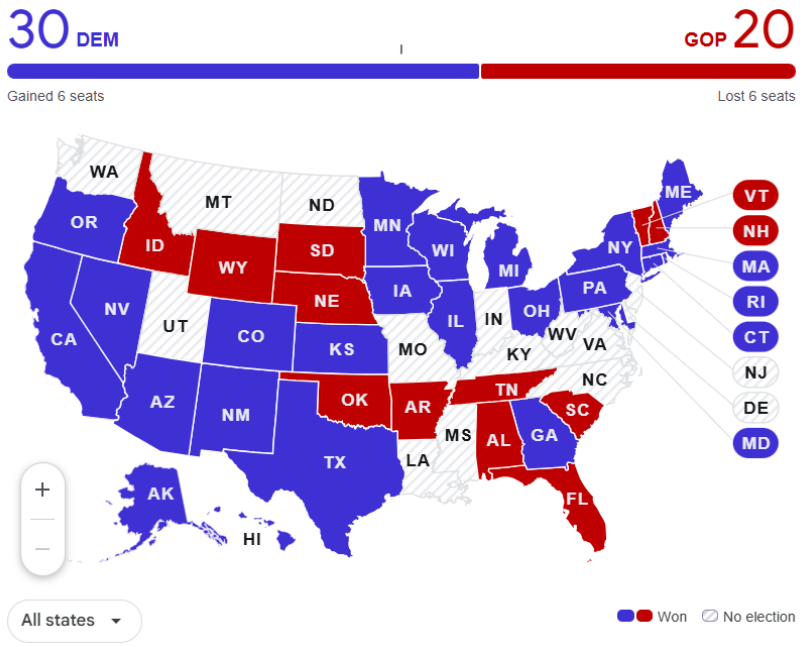


Figure 2: State governorship map[2]

Traditionally Democratic states such as California, Massachusetts, New York, New Jersey and Maryland have implemented significant renewable policies over the last 20 years. Texas, a traditionally Republican leaning state has also supported a very large renewable asset buildout

[2] Associated Press (2026). *2026 US gubernatorial election results*.

both in solar and wind. We could possibly see additional policy implementation in some of these newer markets now that these states continue to grow Democratic support.

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All energy markets are cyclical; while several economic factors have contributed to the latest solar power plant cycle, we believe that regulatory actions taken by the Trump administration tipped the scale and contributed to very significant industry distress. Figure 3 shows a stylized view of the cycle that we have been experiencing.

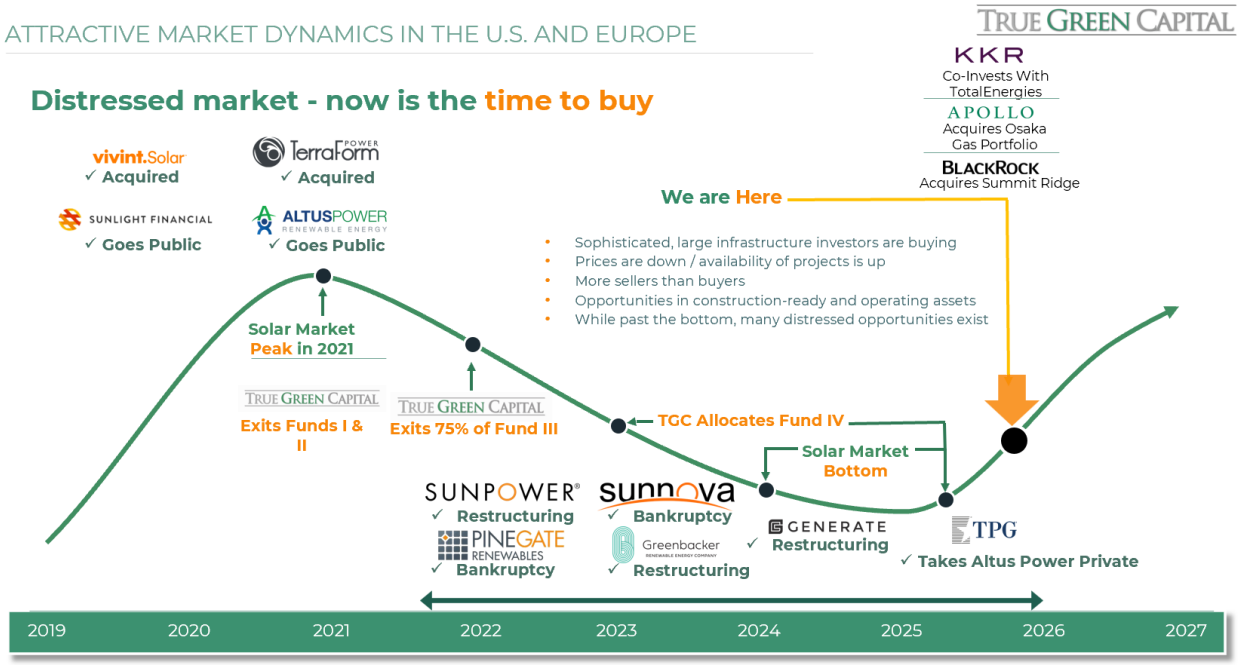


Figure 3: The solar cycle since 2019[3]

We believe we are beginning to emerge from the bottom of the cycle, with a highly attractive investment window in the next 12-24 months before policy changes lead to more institutional capital returning to the sector. Currently, the broader market has been focused on de-risked

[3] Source: TGC research based on several press releases and industry news; The analysis has been created by TGC and is not independently verified by a third party.

operational assets, shying away from development or construction assets with perceived ITC risk. As ITC extensions and favorable policy winds return, we expect the cycle to turn and return to a growth phase for renewables and distributed solar in particular.