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# What's Next for Canceled DOE Funds?

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Part of an EFI  
Foundation series

MODERNIZING  
**AMERICAN  
ENERGY**  
INNOVATION



# Acknowledgments

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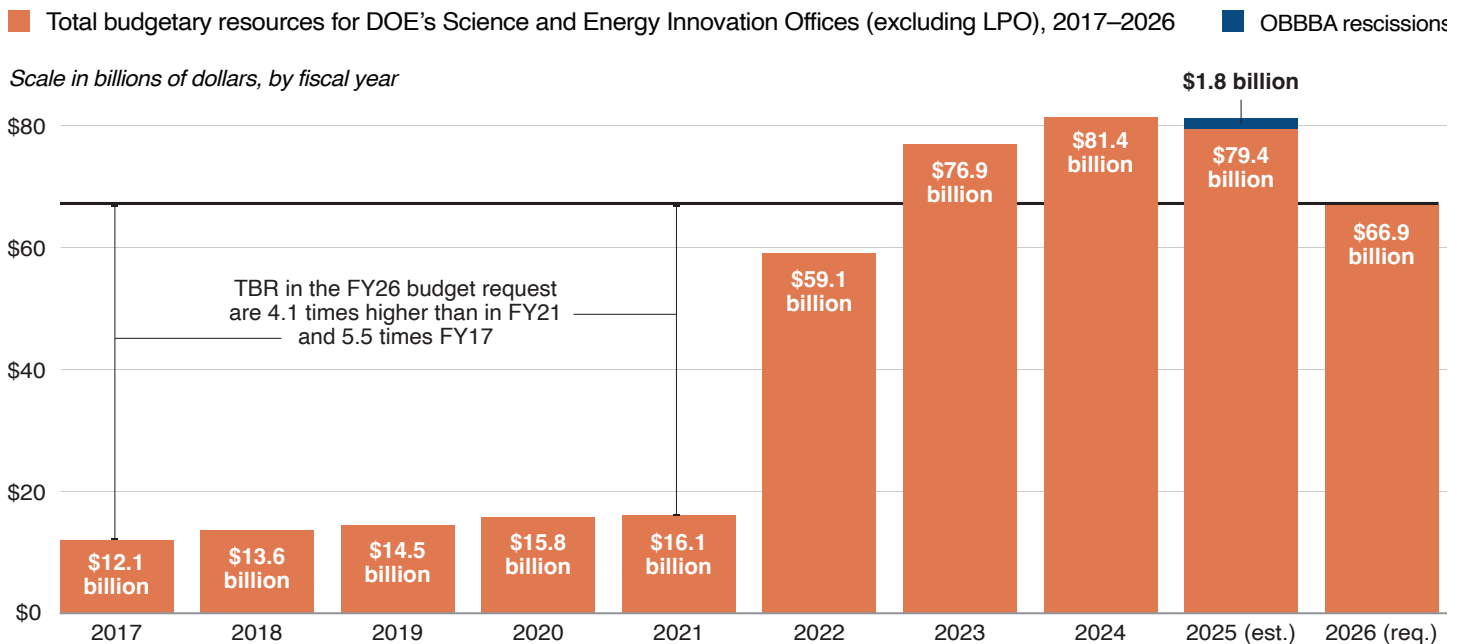
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# What's Next for Canceled DOE Funds?

On October 2, 2025, the U.S. Department of Energy (DOE) announced the cancellation of 321 awards, representing \$8 billion in funding. On October 23, the EFI Foundation (EFIF) published an analysis of the canceled awards, tracking impact across geography, technology, and DOE office.<sup>1</sup> In total, DOE has canceled 345 awards in 2025, representing over \$11 billion. Of this, \$8.8 billion had already been obligated. Obligated funds—funding a federal agency has legally committed to spend for a specific purpose with a specific recipient—constitute a binding agreement between DOE and the private sector.

An earlier EFIF analysis found that DOE's budgetary resources for science and energy innovation offices remain near historic highs, even factoring in rescissions from the One Big Beautiful Bill Act (OBBBA).<sup>2</sup> Returning \$11 billion in canceled award funding to DOE would leave the agency at least \$78 billion of funding, based on the president's fiscal year (FY) 2026 budget request.

**Figure 1: EVEN WITH RECENT RECISSIONS, DOE'S BUDGET FOR SCIENCE AND ENERGY INNOVATION REMAINS NEAR HISTORIC HIGHS**



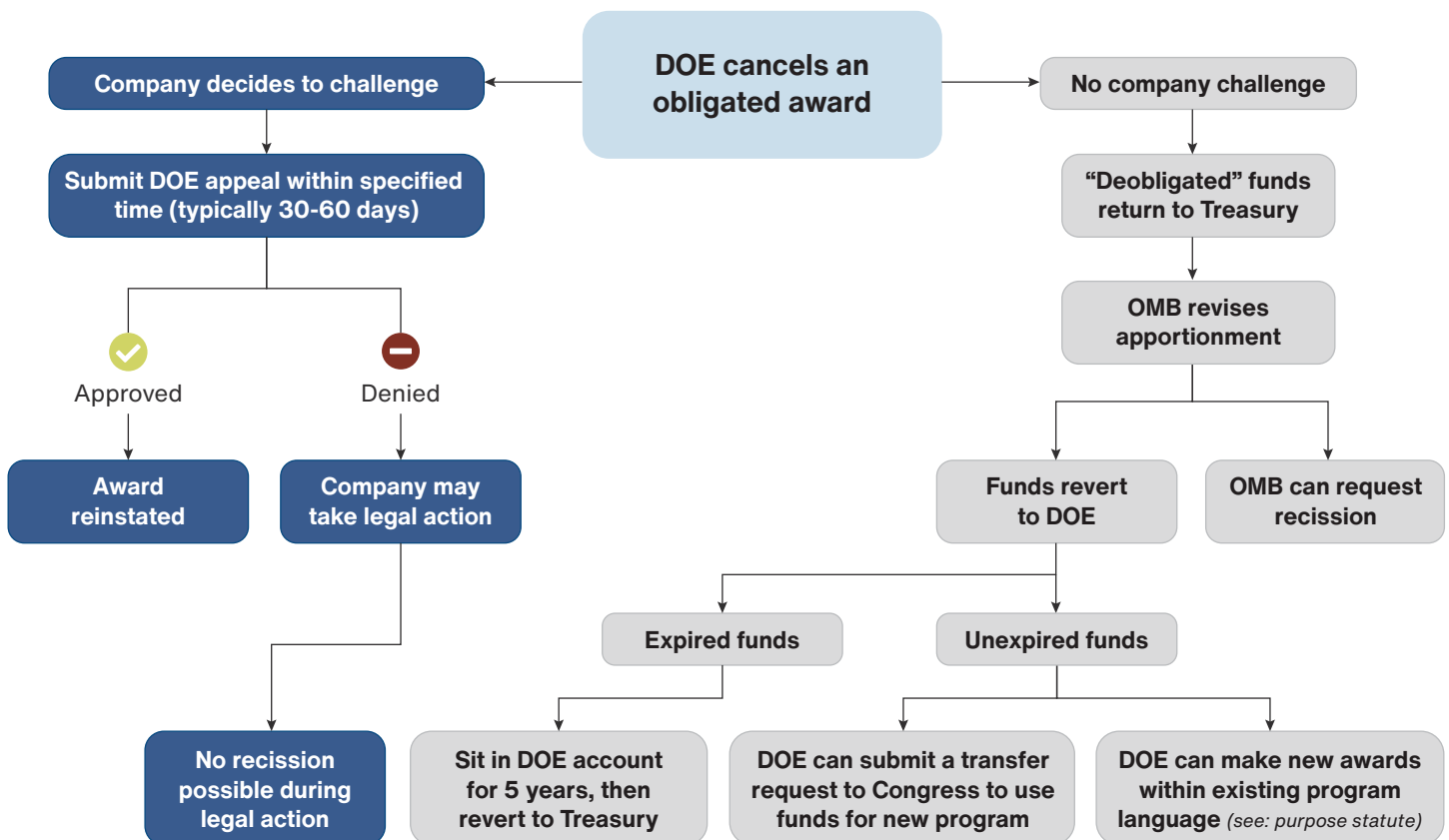
Notes: "Total budgetary resources" include DOE's full obligational authority in a given fiscal year, unless noted otherwise, including appropriations, unobligated carryover balances, and authority from offsetting collections. Data in this graph were collected from budget requests prepared by the U.S. Office of Management and Budget, covering fiscal years 2017 through 2026. DOE's science and energy innovation offices include the Advanced Research Projects Agency-Energy and offices of Energy Efficiency and Renewable Energy, Fossil Energy and Carbon Management, Federal Energy Management Programs, Grid Deployment, Indian Energy Policy and Programs, Loan Programs, Manufacturing and Energy Supply Chains, Nuclear Energy, Clean Energy Demonstrations, Electricity, State and Community Energy Programs, Technology Transitions/Commercialization, and Science.

On November 10, five award grantees and subgrantees filed a lawsuit against DOE in U.S. district court.<sup>3</sup> The City of Saint Paul Minnesota, Elevate Energy, Interstate Renewable Energy Council, Plug In America, the Southeast Community Organization, and the Environmental Defense Fund argued that the cancellations violate the Due Process Clause of the Fifth Amendment, which ensures equal protection under the law, and also violate the First Amendment, which forbids officials from selectively using governmental power to punish or suppress speech. These grantees and others with canceled awards must weigh their options on how or whether to proceed with project deployment. As industry reacts to the sweeping cancellations, EFIF spoke with former senior DOE officials familiar with the intricacies of federal financial assistance law. Their perspectives are their own; while speculative, they shed light on how DOE might handle the billions of dollars in canceled commitments.

## 1. When DOE Cancels an Award, What Happens to the Funds?

Historically, DOE cancels a few awards each year. When DOE deobligates funds, the money returns to the Treasury account tied to its original appropriation. Whether DOE can reobligate funds depends on several statutory constraints. First, DOE may only reobligate if the appropriation is still within its period of availability. Once

**Figure 2: PATHWAYS FOR DEOBLIGATED FUNDS**

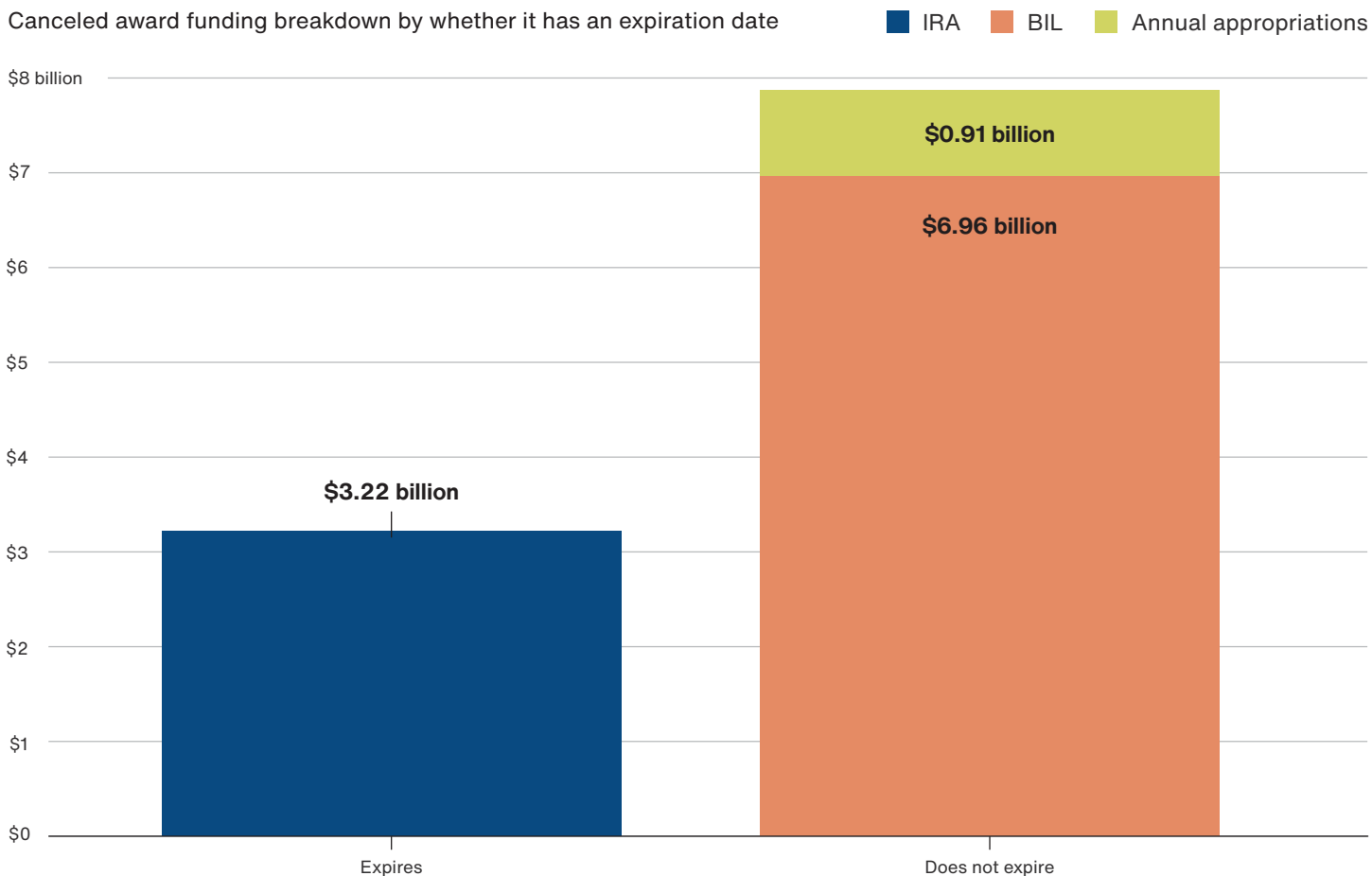


an appropriation expires, deobligated balances cannot be reused. Second, if the department wishes to reobligate, it must do so for the same statutory purpose for which Congress originally appropriated the funds. For example, there may be limits to the types of projects that can be funded using the canceled hydrogen hubs funding.

## 2. Does DOE Have a Shot Clock for Reobligating Funding from Canceled Awards?

Thirty-five of the canceled awards came from funding set to expire between 2024 and 2028. DOE’s ability to reobligate funding from canceled awards depends on the appropriation expiration date. Every DOE award can trace its funding source back to legislation that authorized and appropriated the funding. Most of DOE’s current budgetary resources originate from the Bipartisan Infrastructure Law (BIL), the Inflation Reduction Act (IRA), or annual appropriations. The statutory language will either give an expiration date (“appropriated for the period of fiscal years 2022 through 2026”) or leave it open ended (“available until expended”).

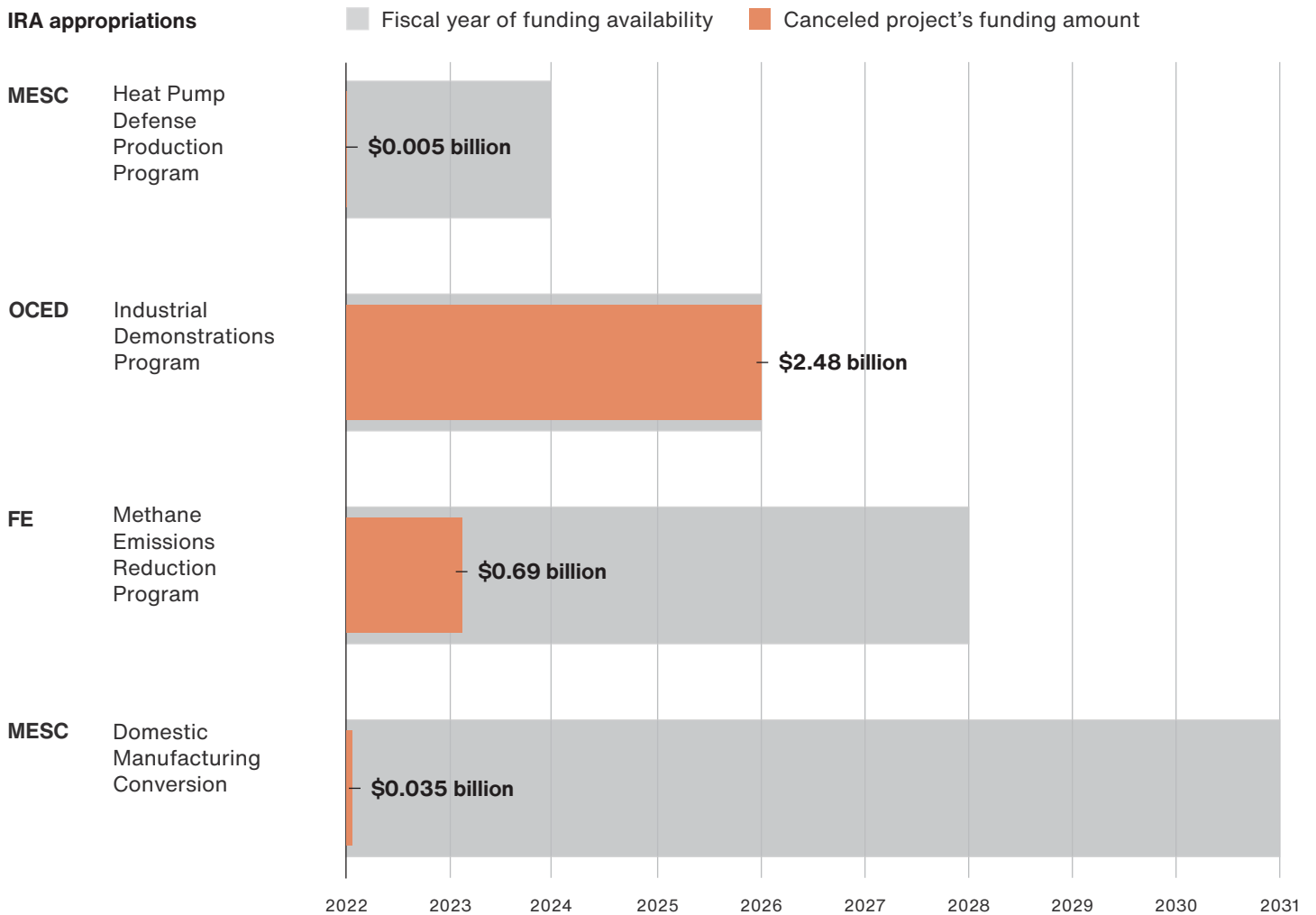
**Figure 3: OVER 70% OF THE CANCELED AWARD FUNDING DOES NOT EXPIRE**



Notes: These data reflect all DOE award cancellations since January 20, 2025, totaling \$11.08 billion. EFIF used USASpending.gov’s API to identify the Funding Opportunity Announcement (FOA) each cancelled award was issued under. The FOAs specify the statute that appropriated funding for the award program, and the statutes specify the expiration date, or lack thereof, for the appropriations. Award amount data are from a mix of DOE and recipient press releases and media coverage.

Open-ended appropriations, often called “no year” funds, constitute the majority of the canceled DOE awards. This means that DOE does not have a specified timeline for reobligating the funds; if the current DOE neither spends nor rescinds the funds (and if Congress doesn’t step in), they remain available indefinitely.

**Figure 4: CANCELED AWARD FUNDS FROM IRA APPROPRIATIONS HAVE VARIOUS EXPIRATION DATES**



Notes: These data reflect all DOE award cancellations since January 20, 2025, totaling \$11.08 billion. EFIF used USASpending.gov’s API to identify the Funding Opportunity Announcement (FOA) each cancelled award was issued under. The FOAs specify the statute that appropriated funding for the award program, and the statutes specify the expiration date, or lack thereof, for the appropriations. Award amount data are from a mix of DOE and recipient press releases and media coverage.

### 3. What Governs DOE's Ability to Reobligate Unexpired Funding?

When DOE considers reobligating funds, a primary constraint is the purpose statute—the legal requirement that funds be used only for their original, congressionally appropriated purpose (31 U.S.C. § 1301(a)). DOE retains some interpretive discretion in how it defines a program's statutory purpose. The authorizing language in BIL and IRA often uses broad verbs (such as “support,” “facilitate,” or “advance”) that may leave room for interpretation. DOE could choose to stretch that language to justify reobligating funds toward preferred technologies, regions, or recipients, so long as it can argue that such actions still “advance” the overarching program purpose.

Historically, DOE's Offices of General Counsel and Chief Financial Officer have played key roles in making these determinations, often consulting legislative text, committee reports, and precedents from the Government Accountability Office (GAO) to ensure compliance. GAO decisions tend to uphold agency discretion when statutes are ambiguous but strictly enforce purpose boundaries when congressional intent is specific. The Supreme Court's 2024 decision to overturn the Chevron deference doctrine may narrow this flexibility, possibly increasing DOE's motivation to go back to Congress to reauthorize funds.

#### *Spotlight*

#### **Past DOE Cancellations**

The recent cancellations drastically diverge from historical norms. Past administrations have terminated a handful of awards for cause—almost always because projects failed to meet key milestones such as securing private financing or demonstrating real progress toward construction.

The FutureGen cancellations are one such example, spanning the Bush and Obama administrations.<sup>4</sup> FutureGen was a public-private partnership to demonstrate commercial-scale carbon capture and storage. DOE canceled the original FutureGen award in 2008 after severe cost escalation and the project's inability to finalize its financing plan. The project was restructured as FutureGen 2.0 in 2010, but in 2015 DOE terminated multiple related cooperative agreements after the project again failed to reach financial close and could not meet federal spending deadlines. These were high-profile cancellations—but isolated and limited to a single project, not a mass termination of awards across an entire portfolio.

In the case of FutureGen, the canceled funds from the 2008 award were multiyear appropriations; the funds reverted to their original Treasury account and were later used to fund other projects within the same program. However, the FutureGen 2.0 award canceled in 2015 used 2009 stimulus funds with a fixed expiration date. Because the award was canceled after the expiration date, all unused funds lapsed and were unavailable for future use.

## 4. What Happens to Canceled Awards with Unobligated Funding?

Funds that are not yet obligated remain within the same program. Unobligated balances are at greater risk of being rescinded by Congress, as evidenced by OBBBA, which rescinded all unobligated balances from programs such as the Office of Clean Energy Demonstration's Advanced Industrial Facilities Deployment Program.

## 5. How Else Could the Trump Administration Redirect Funding?

Beyond the statutory limits described above, the administration has one additional lever: the apportionment process managed by the Office of Management and Budget (OMB). Apportionment is the mechanism through which OMB controls how much of an appropriation a federal agency may obligate—and for what purposes—during a given period.

When DOE deobligates funding and returns it to the Treasury, DOE's ability to reobligate the funds may require reapportionment by OMB before the funds can be re-released to DOE. This is the case if DOE proposes to use the funds in a different manner or if the unobligated funds will carry over into the next fiscal year. This step is largely invisible to award recipients but can significantly shape what happens next. OMB may choose to release the funds without restriction or impose new limits on how quickly, or for what purposes, DOE may obligate them. One apportionment tool OMB may use is the inclusion of footnotes that specify eligibility criteria, project size thresholds, or other constraints within an apportionment bulletin. Such footnote limitations appear sporadically, especially across BIL and IRA appropriations.<sup>5</sup> The choices OMB makes in this process can determine whether DOE can issue new selections or whether the funds remain effectively paused. Finally, OMB may use the apportionment process to impound funds, preventing DOE from re-obligating the funding pending congressional review and possible rescission. When funds are impounded, Congress must be notified, and the process is subject to congressional procedures established in the 1974 Impoundment Control Act.”

## 6. What Recourse Exists Within DOE for Grantees Who Had Their Awards Canceled, Assuming Funding Was Obligated Before Cancellation?

Grantees have the right to submit an appeal to DOE challenging their award terminations (2 CFR § 910.128).<sup>6</sup> This appeal window is typically 30 days, although individual cancellation letters may specify a different timeline. Unlike contract disputes, there is no GAO process available for terminated grants or cooperative agreements.

Typically, the appeal is submitted to the grant officer, who may then elevate it to the head of contracting authority. An in-person meeting or follow-up materials may also be requested. DOE's appeals review process historically mirrors the technical review process during the award application. However, this administration's process may differ from historical norms.

Some companies have pushed back with legal action. In a joint lawsuit filed November 10, the plaintiffs state that “defendants’ termination of billions of dollars in funding will hurt consumers and communities, increase prices, and result in thousands of lost jobs. It removes support for innovation of technologies that are critical to ensuring clean, reliable and affordable energy, and inhibits the collaboration among industries, states, academic institutions, and nonprofits that was intended to take place under the canceled awards. And it will be devastating to ... awardees who had structured their work in reliance on the federal government upholding its promises to provide this funding.”

## Conclusion

The sweeping action by DOE to cancel 321 awards may limit the private sector's interest in doing business with the department, affecting DOE's ability to forge public-private partnerships needed to advance energy innovation in the long term. The cancellations included a number of funding agreements with signed contracts, creating significant uncertainty for companies that are considering future cost-sharing proposals with DOE. The prospects and timing for reuse of any of the \$11 billion of funding recouped from the canceled awards is uncertain—70% of the canceled award funds do not expire and, if not rescinded or reprogrammed, will remain unused and unable to drive forward American energy innovation.

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