9 July 2025

**Infratil Newsletter – Impacts from the One Big Beautiful Bill Act**

The One Big Beautiful Bill Act was passed by the United States Congress and signed into law by President Donald Trump on 4 July 2025. The legislation outlines key elements of the administration's second-term fiscal agenda, including changes to tax policy, federal spending priorities, including changes to tax incentives for renewable energy projects used by Infratil portfolio company Longroad Energy.

While the legislation scales back incentives introduced under the Inflation Reduction Act of 2022, the changes were materially better for Longroad than expected at the time of our annual results in May (which were based on the original House version). A table comparing the changes is outlined below:

| Provision | Original House Version | Final Version |
|---|---|---|
| Tax Credit Eligibility (ITC / PTC) | Projects must have started construction within 60 days of enactment and be placed-in-service ("PIS") by 31 December 2028. | Projects that have started construction within 12 months of enactment maintain full eligibility to tax credits and have four years to be PIS.<br><br>Projects starting after the 12 months must be PIS by 31 December 2027. |
| Transferability of Tax Credits | Eliminated for projects not PIS by 31 December 2028. | Transferability preserved for most credits. |
| Foreign Entity of Concern ("FEOC") Rules | FEOC restrictions begin 1 January 2026. Projects using components from FEOCs (e.g., China, Russia, North Korea, and Iran) are ineligible to claim tax credits. | Applies to projects that have started construction after 31 December 2025. Eligibility is subject to defined material assistance thresholds (starting at 40% for solar and 55% for BESS and increasing from 2026 onwards). |
| Wind / Solar Excise Tax | Senate Version: Up to 50% excise tax for wind and up to 30% for solar for violating FEOC / material assistance rules. | No excise tax. |

In summary, projects now have longer to safe harbour (12 months vs. 60 days) and longer to build (4 - 5 years vs. ~2.5 years), tax credit transferability remains intact, and FEOC requirements are more navigable with the ability to safe harbour to provide more time to transition alongside local efforts to increase U.S. manufacturing capacity.

However, further clarity on implementation is now expected following an executive order signed by President Trump on 7 July 2025. The order directs the U.S. Treasury to issue updated guidance within 45 days to ensure construction-start rules are not circumvented through "artificial acceleration or manipulation." This could result in a narrower interpretation of safe harbour provisions - particularly around the physical work test - though any changes are expected to be prospective in line with past practice. The executive order also reaffirms the Treasury's mandate to implement FEOC restrictions, which apply only to projects that begin construction after 31 December 2025. Importantly, the Bill codifies the existing construction-start rules into tax law for the purpose of FEOC determinations, providing greater legal certainty in the near term.

Under the Bill, technologies such as nuclear, geothermal, and hydrogen retain their original timelines, with credit phase-downs beginning from 2033. Positively, so have battery storage projects, with phase-downs not starting until 2034, however the FEOC rules will need to be navigated carefully for battery storage projects given reliance on Chinese imports (for projects that have not already started construction by the end of 2025). Longroad's strong relationship with First Solar and its American-made solar technology will allow it to more-easily navigate FEOC rules for solar projects.

Longroad is well positioned to navigate these changes, viewing the legislation not as a setback but as a strategic opportunity. With over 30GW of utility-scale wind, solar, and storage projects in its development pipeline, Longroad is focused on leveraging the Bill's safe harbour provisions by meeting key construction and in-service deadlines. This strategy helps preserve eligibility for federal tax incentives across a significant portion of its portfolio, supporting ongoing development.

The company currently has ~2.6GW of projects already safe harboured (up from 1.8GW at the time of our annual results), targeting additional safe harbouring by the end of the year to enable it to meet its target of 1.5 GW on average per year of new project starts (FNTP) across 2025 - 2027. There is also the potential that the safe harbor mechanism will be available to qualify a further 1.5GW per year until the 2029/2030.

The Bill coupled with the executive order, reinforces Longroad's disciplined approach to execution. Its experience across interconnection, permitting, and supply chain management position it well to meet safe harbour requirements across a substantial share of its pipeline. While tax credits have been highly beneficial for Longroad, the final legislation provides more time than expected for the industry to transition, alongside continued strong demand for power, which supports attractive development returns for scaled developers.

This combination of execution strength and enduring demand from long-term offtake partners gives Longroad a strong platform to deliver on its growth ambitions. Its long-standing relationships with high-quality counterparties continue to underpin robust demand across its development pipeline, with many seeking reliable, long-term access to clean energy. This commercial demand, combined with expected growth in U.S. electricity consumption driven by electrification, data centre expansion, and domestic manufacturing, provides a strong foundation for Longroad's long-term aspirations. These tailwinds further support the business's confidence in delivering on its 2028 targets and continuing to generate sustained value for Infratil shareholders.

We look forward to hearing more from the Longroad team at our annual Infratil Investor Day in September, where they will provide a direct update on their progress and outlook.

**Enquiries should be directed to:**

Mark Flesher
Investor Relations
Email: mark.flesher@infratil.com

**Authorised for release by:**

Andrew Carroll
Infratil Chief Financial Officer