ESG Daily, ENVIRONMENTAL PROTECTION AGENCY NEWS—D.R.I.: Rhode Island court halts EPA from clawing back $7 billion for Solar for All, (Sep 25, 2026)

By Joe Cox, J.D.



The federal court's ruling found that the One Big Beautiful Bill Act did not allow the Trump administration to cancel previously obligated funding.

A federal district court in Rhode Island recently granted a summary judgment to a group including several environmental organizations over the Environmental Protection Agency (EPA) ruling that the Trump administration could not claw back $7 billion in funding previously allocated under the Biden administration for the Solar for All program. The court found that the plain language of the One Big Beautiful Bill Act (OBBBA) allowed for the rescission of unobligated funds but did not allow existing grants to be rescinded. (*Rhode Island AFL-CIO v. United States Environmental Protection Agency*, No. 1:25-cv-00510-MSM-PAS (D.R.I. Sept. 18, 2026)).

Background on the dispute. In 2022, Congress passed the Inflation Reduction Act, which included amending the Clear Air Act by appropriating nearly $27 billion to the EPA Administrator for a Greenhouse Gas Reduction Fund, to reduce air pollution. As part of those acts, $7 billion was allotted for Solar For All before a September 2024 deadline. Those funds were to be available for five years. Proponents of Solar for All have noted that the program "would reach more than 900,000 households, save families $350 million a year on electricity bills (totaling at least $8 billion), and support 200,000 jobs and workforce training opportunities."

In July 2025, the OBBBA was passed. In relevant part, it stated, "Section 134 of the Clean Air Act (42 U.S.C. 7434) is repealed and the unobligated balances of amounts made available to carry out that section (as in effect on the day before the date of enactment of this Act) are rescinded." While the OBBBA did rescind $19 billion in unallocated funds, in August 2025, the EPA terminated Solar For All on the strength of OBBBA's rescission powers.

History of the suit. This suit was filed in October 2025, by downstream recipients of the planned Solar for All funds. The plaintiffs claimed that the termination of Solar For All was contrary to law, arbitrary, and capricious and that EPA's actions violated the Presentment Clause and Spending Clause of the Constitution. They filed for summary judgment and the EPA countered by filing for summary judgment as well, claiming entitlement to judgment as a matter of law on jurisdictional issues and on the merits.

Court's ruling. The court found that the plaintiffs had standing to contest the EPA's action. "Plaintiffs here allege concrete, specific reliance on the availability of SFA funds, and clear injuries stemming from the termination of those funds," wrote the court. The court also found the defendants' sovereign immunity argument to be without merit, as it did not apply to suits seeking to enforce a contractual obligation to pay money. Likewise, an argument that the EPA's decision should not be reviewable as it was not final failed.

On the other hand, the court found that the EPA's action was outside its statutory authority. "[T]he OBBBA did not convert SFA funding into a lump-sum amount subject to EPA's discretion," wrote the court. The court granted the plaintiffs' motion and denied the defendant's motion, vacating the termination of Solar for All.

Reaction to ruling. The ruling was hailed as a significant victory by proponents of the Solar for All program. Southern Environmental Law Center senior attorney Nick Torrey stated in a press release, "Electricity bills are skyrocketing, so low-cost solar projects—which guarantee big savings—are needed now more than ever. Today's victory means EPA

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must stop sitting on the $7 billion in funding for this program and start getting it out into communities to provide hardworking American families much-needed relief."

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Companies: Rhode Island AFL-CIO; United States Environmental Protection Agency

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