MEMORANDUM

TO: **IEDA Board**
RE: **Federal Legislative Report**
DATE: **October 6th, 2026**

BAAJA Blast - Permitting Reform Bill Introduced

The long-awaited permitting reform bill dropped at the end of September, shortly before the Senate recessed. The Senate decided that they would vote on the legislation after the midterms. Prior to recessing, Senate Majority Leader John Thune filed cloture on the motion to proceed to a legislative vehicle for BAAJA. While this does not guarantee Senate consideration or passage of a final permitting reform package, it signals that Senate leadership intends to make permitting reform one of its first major legislative priorities when the Senate returns.

The bill had similarities to one introduced two years ago, but included modifications to environmental regulations. The negotiations were with a very small group, as Julien Caubel with Senator Kelly's office said their office wasn't involved.

APPA held a webinar to discuss the legislation and provided an overview. Overall, the mood of APPA staff is that it is a better product than the one from two years ago. Their feelings are that the legislation will likely pass, especially with the support of the Blue Dog Democrats. There are some technical fixes needed and staff is open to manager's amendments only.

Some common themes to the 400+ page bill are shorter review timelines, longer permit lengths, reduction of duplicative review processes, provides funding for agency reviews, expands or enhances categorical exclusions, narrows "major federal action", puts more limitations on challenges, exempts "transmitting utilities" (meant to be consumer owned utilities), and limits FERC from OM&R jurisdiction for hydropower.

The bill tackles transmission permitting, transmission planning, ratepayer protection, DER Storage Aggregation, and queue management. On the environmental side, it tackles NEPA (similar to SPEED Act), the Clean Water Act (similar to PERMIT Act), expands NPDES from 5 to 10 years, ESA and NHPA tweaks.

One interesting provision is the salary adjustment provision, pushed for by BPA to pay their administrators "market rates". The BAAJA expands that to all the PMAs.

Despite APPA's opinion, some legislators have suggested that the bill doesn't go far enough, especially if the midterms turn out in their favor. It remains to be seen how the midterms will affect what happens on the Hill in November.

Post Midterms Expectations

The Continuing Resolution runs to December 11th, so Congress will need to pass all of the appropriations bills or some other funding mechanism. Given the progress in the Senate, it is unlikely that the normal appropriations bills bill be passed. Reconciliation 3.0 is still out there, and some offices have suggested additional iterations could occur. An omnibus might be possible, and we are hoping for a disaster supplement for the Colorado River but talk about that has been fairly quiet. The National Defense Authorization Act, Water Resources Development Act, Surface Transportation Reauthorization and Farm Bill are all high priority bills (some must pass). Hill staff expect either a mad dash or a "nothing burger" after the midterms.

Good Things to Know

- Reconciliation 3.0 Stalled in Senate, Unlikely Before the Midterm Elections
- House Passed H.R. 9340, the Ratepayer Protection Act/Blocked in Senate
- NRC Proposes Broad Overhaul of Nuclear Reactor Regulations
- Federal Court Vacates EPA's Termination of $7 Billion Solar Program
- Chiricahua Officially Becoming Arizona's Fourth National Park
- Court Rejects DOE 'Emergency' Order Delaying Coal Retirement as Overstep