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REPORT: US Energy Storage Firms Acknowledge Heightened Risks as Battery Market Grows

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New insights gathered by law firm Troutman Pepper Locke reveal a sector bruised but buoyant amid regulatory and tariff uncertainty

NEW YORK – The U.S. energy storage sector remains optimistic after a turbulent year marked by increased regulatory and tariff-related risks, according to findings from law firm Troutman Pepper Locke.

Its latest industry report, “[Brave New World: What’s Next for US Energy Storage After OBBBA and Amid Continued Tariff Risk?](#)” highlights how developers, investors, and lenders across the Battery Energy Storage Systems (BESS) landscape have prepared to face escalating risk profiles in 2025, and why they remain confident about the sector’s overall growth trajectory.

Co-author and Troutman Pepper Locke partner [Vaughn Morrison](#) said, “Energy storage’s versatility of use cases has untethered it from the fate of wind and solar to a meaningful degree.”

Across the shifting U.S. energy landscape, the strategic value of storage is widely recognized. It is seen as much as a service for grid resilience and power price stability as it is for decarbonization. Andrew Waranch, CEO of Spearmint Energy, points to this as a source of industry confidence: “So much of the power market and power price is set by expensive and old generators that only need to operate during ramp times in the morning and evening. In contrast, batteries can solve that quickly and cheaply with extremely high reliability.”

As the implications of the One Big Beautiful Bill Act (OBBBA) and tariffs become clearer, the report finds that project owners expect to be better placed to plan for risks and move their projects forward.

[John Leonti](#), partner and chair of the Energy Department at Troutman Pepper Locke, said, “Although the impact of the OBBBA on energy storage is less severe than some feared, the ambition to onshore battery component manufacturing and the attendant Foreign Entities of Concern (FEOC) provisions issue significant supply challenges for the industry moving forward. The most prepared in the sector have acted nimbly to restructure supply chains, and key stakeholders are strengthening their close working relationships to share risk and collaboratively revise strategies.”

Many see reasons for continued optimism. While the energy storage sector navigates supply strain, demand for its services is set to rise sharply due to the country’s exploding load growth and aging grid infrastructure. The burgeoning data center industry requires high uptimes and short- and long-term reliability from energy providers in

order to grow, making energy storage an increasingly essential solution.

However, the report also emphasizes that uncertainty remains one of the primary barriers to progress and attracting investment.

Market actors report a complicated and tumultuous chapter in the ongoing rollout of utility-scale energy storage, with a number of critical obstacles unresolved.

Foremost among these are the tariff hikes on China — the source of the majority of the world's battery components — and compliance with FEOC rules, which exclude entities linked to adversarial nations, particularly China, from the benefits of U.S. energy tax incentives. Investors underlined the difficulty of forecasting scenarios given that the supply chain capacity needed for U.S. energy storage currently far exceeds what can realistically be manufactured domestically. Tom Cornell, CEO of BESS supplier Prevalon, described the FEOC rules as “handicapping the industry pretty significantly.”

Still, tailwinds such as robust demand for grid flexibility, supportive federal incentives, and growing bipartisan recognition of the strategic value of energy storage are helping the sector push forward. Its clear value proposition for grid reliability, economic development, and national security has meant energy storage retains an integral role in the U.S.' energy future. For these reasons, energy storage has — and will continue to — march on.

To read the full report, visit: “[*Brave New World: What's Next for US Energy Storage After OBBBA and Amid Continued Tariff Risk?*](#)”

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