



# Growing Tariff Risk for the Renewables Value Chain: How to Weather the Storm

Since retaking office in 2025, President Trump has initiated a series of aggressive tariff measures which have brought substantial impact and uncertainty to markets and supply chains. Governments around the world have responded to the tariffs with rapidly evolving policies to protect and build domestic supply chains and mitigate risk of disruption from global events, including the weaponization of exports.<sup>1</sup>

Consequently, there is and will be increasing supply chain inefficiency, higher costs and significant uncertainty of core assumptions underpinning business plans. Sponsors, lenders, customers and vendors, as well as corporate management, are now required to make educated guesses on key business decisions, which significantly increases risks and challenges faced. There is much less clarity on how to plan a budget, much less a five-year investment plan.

United Airlines recently felt the need to publish dual-guidance benchmarks in the face of extreme market uncertainty.<sup>2</sup> This will become more common with public releases, but we are already seeing it in client internal planning efforts, especially in sectors highly reliant on global supply chains, such as renewables.

The recent progression has been as follows.

**March 12, 2025:** 25% tariff on all steel and aluminum imports.<sup>3</sup>

**April 3, 2025:** 25% tariff on imported automobiles and auto parts.

**April 5, 2025:** The most sweeping action was branded as “Liberation Day,” when a blanket 10% tariff was applied to all imports into the United States, in addition to significantly increased tariffs on 60 countries. The harshest tariffs were placed on China, with a 125% tariff on all imports.<sup>4</sup>

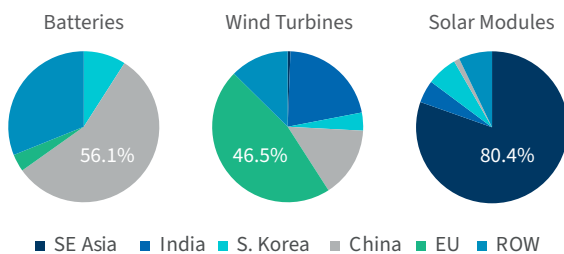
**April 9, 2025:** Adding to the uncertainty, the White House announced a 90-day pause on the new tariffs for most countries, excluding China, which remains under full enforcement. China has responded with its own counter measures, which have been met with continued escalation from the Trump administration, including a 145% tariff on Chinese imports.

**April 21, 2025:** U.S. Department of Commerce announced increased deposit rates in antidumping duty (AD) and countervailing duty (CVD) investigations for solar cells

imported from Cambodia, Malaysia, Thailand, and Vietnam. The announced rates mark a significant increase from previously announced AD and CVD rates now ranging from 34% to 652% and varying by individual suppliers.<sup>5</sup>

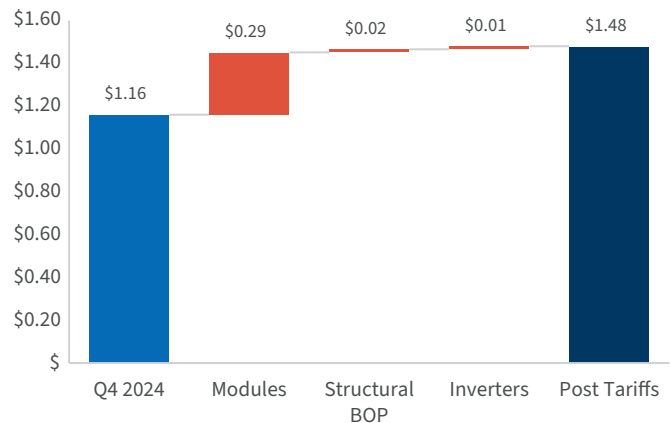
The tariffs are having ripple effects across industries, particularly those driving the low-carbon energy transition. Solar and battery storage projects rely heavily on complex supply chains that involve importing items such as solar cells and modules, inverters, battery cells, and critical minerals like lithium, nickel, cobalt and rare earth elements. Furthermore, Section 232 tariffs were modified,<sup>6</sup> raising aluminum tariffs from 10% to 25%, while steel tariffs remain at 25%. It is expected that all power projects will be impacted by increased costs for inputs to solar, wind, batteries, natural gas and necessary power infrastructure such as transformers, transmission and other balance of plant (BOP).

**Figure 1: Share of U.S. Imports<sup>7</sup>**



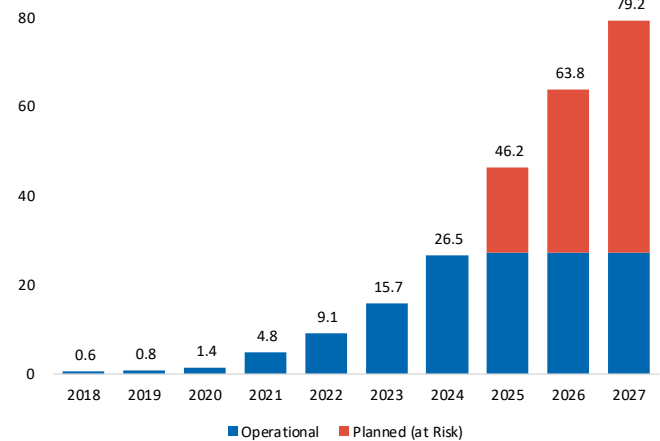
The U.S. solar industry depends on imports for approximately 75% of its solar cells and modules<sup>8</sup> and is facing substantial cost increases of approximately 28% due to the tariffs and AD and CVD. After tariffs were applied to China during the first Trump administration, production shifted to countries such as Vietnam, Thailand, Malaysia and Cambodia. All are facing steep tariffs from “Liberation Day” that are on track to go into effect in July 2025 and have been specifically targeted by increased AD and CVD rates. This set of countries make up over 80% of U.S. imported solar modules. The imposed tariffs are incremental to each other, and it is estimated that the effective tariff on products from Cambodia could be as high as 3,500%.<sup>9</sup> Importers will need to start making deposits with U.S. Customs at the increased rates for imports, directly increasing cash need for importers of solar modules. A final determination will be made by June 2nd by the International Trade Commission.

**Figure 2: Utility Scale Solar Installation Costs (\$/Wdc)<sup>10</sup>**



The battery storage sector is also grappling with the repercussions of the new tariffs. The U.S. administration has imposed additional tariffs on many countries that play vital roles in the battery storage supply chain. The tariffs are anticipated to double the price of batteries and battery energy storage systems (BESS) imported from China to the United States. As a result, many planned U.S. battery storage deployments in 2025 may be delayed or cancelled regardless of contractual obligations.<sup>11</sup>

**Figure 3: U.S. BESS Capacity (Gigawatt)<sup>12</sup>**



The tariffs imposed on Mexico and Canada are expected to increase the cost of each vehicle by \$4,239 on average.<sup>13</sup> The impact will be on both auto parts and imported vehicles, although, on average, the proportion of components for electric vehicles (EVs) is actually lower than that for internal combustion engine (ICE) vehicles. It

is anticipated that the thin margins of auto makers will be under additional pressure and potentially drive challenges to the operational viability of participants throughout the value chains of both EVs and ICE vehicles. Given that most critical minerals for batteries are refined and exported from China, the level of disruption will continue to ramp up unless initial exclusions remain in place.

Nearly all areas of the power supply chain are expected to see cost increases from the new tariff regime. Both imported finished goods and raw materials face increased costs. Raised tariffs for imported inputs such as steel and aluminum are expected to impact costs, even for the items that are produced in the United States. For example, turbines made by American companies such as GE Vernova require component inputs from more than 100 countries.<sup>14</sup>

Across the renewable energy spectrum, supply chains are being forced to adapt to heightened uncertainty and a new world order of global trade. Unless and until policy uncertainty diminishes, planning and procuring necessary materials will be increasingly difficult for companies leading the energy transition. It is yet the next macro difficulty for a sector which has growing demand to support a cleaner environment and energy independence, but has been hampered by covid, rising inflation and interest rates, supply chain disruptions and now ramping protectionism across the globe.

During periods of significant disruption and critical events posing challenges to Power, Renewables and Energy Transition (PRET) clients (such as now), our team of more than 60 dedicated industry professionals has been successful in helping companies at various stages of development to navigate and optimize positions and to survive and thrive, such as the following.

- 1. Strategic Options Review:** FTI Consulting PRET can provide an independent review of go-forward strategies in light of the evolving macro environment, including:
  - Testing key assumptions on sources, pricing and margin impacts.
  - Identifying potential pivots in supplier footprint, contract terms and vertical integration.
  - Stress testing scenarios to refine business plans and enhance credibility with boards, lenders and investors.

- 2. Liquidity Management to Maximize Optionality:** Tariffs are compressing margins and tying up working capital, often without lead time. FTI Consulting PRET helps:
  - Implement robust 13-week liquidity forecasting and management tools.
  - Identify levers to unlock near-term liquidity (e.g., refining payment terms, working with counterparties, optimizing the working capital program).
  - Preserve optionality so businesses can optimize runways and adapt as trade policy continues to evolve.
- 3. Business plan execution in times of disruption:** Whether absorbing costs, reconfiguring supply chains or navigating uncertain demand, we support execution across various layers:
  - Operational redesign: Align processes and workflows with new sourcing realities (e.g., domestic substitutions, longer lead times, vendor diversification).
  - Cross-functional risk identification: Break silos across procurement, finance, and operations to surface execution gaps and misaligned incentives.
  - Interim leadership: Provide fractional or full-time expertise (Chief Financial Officer, Financial Planning and Analysis, Controller, Chief Operating Officer) to plug critical capacity gaps during periods of transition.
- 4. Tactical Cost Optimization:** We partner with management to strike the right balance between protecting capital and maintaining strategic flexibility. Our approach includes:
  - Zero-based budgeting initiatives.
  - Vendor renegotiations tied to inflation indexing or volume breaks.
  - Reassessment of in-flight capital projects or expansion plans.
- 5. Operational Efficiency and Performance Improvement:** Our team will work with management to reassess your organizational structure, resource allocation and core processes to absorb external cost pressure and increase responsiveness to disruption by:
  - Evaluating spans of control, redundant roles and underperforming business units.
  - Streamlining procurement, inventory management and order-to-cash processes.

- Assessing use of automation, analytics, or shared services to drive down overhead.

#### 6. Fit-for-Purpose Reporting for Stakeholder Alignment:

Boards, sponsors and lenders need real-time visibility into how tariffs are impacting the business.

FTI Consulting PRET helps elevate reporting through:

- Daily cash flashes and KPI dashboards.
- Weekly metric updates tied to tariff impact (e.g., landed costs, vendor delays).
- Robust variance analysis between forecast and actual performance, especially on pricing and sourcing impacts.

#### 7. Stakeholder Communications and Planning: In a volatile regulatory environment, clarity and alignment are critical. FTI Consulting helps craft and socialize practical plans to engage:

- Boards and sponsors: Clear articulation of risk exposure, cost pass-through strategies and mitigation levers.

- Lenders: Support around covenant headroom, borrowing base dynamics and liquidity preservation.
- Vendors and customers: Adjustments to pricing, delivery terms or co-investment in resilience initiatives.

#### 8. Execution Support, from Advisor to Operator:

FTI Consulting PRET tailors the role to the situation, from behind-the-scenes advisors to hands-on transformation leaders. Where needed, we take formal roles (e.g., Chief Transformation Officer) to drive accountability and ensure results.

We are experts in the dynamics of PRET industry sectors, have deep understanding of pitfalls and best practices, and assist clients across the company lifecycle — as we have done on more than 1,000 projects in the last 15 years, for participants of all sizes and in many of the industry's seminal events. We are well-equipped to partner with constituents to navigate through uncertainty driven by the new status quo of the global trade landscape.

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## Endnote

- <sup>1</sup> Liz Lee and Laurie Chen, “China warns countries against striking trade deals with US at its expense,” Reuters (April 21, 2025), <https://www.reuters.com/world/china-opposes-any-deals-between-us-other-nations-its-expense-2025-04-21>.
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- <sup>3</sup> Wyatt Grantham-Philips, “A timeline of Trump’s tariff actions so far,” Associated Press (April 10, 2025), <https://www.pbs.org/newshour/economy/a-timeline-of-trumps-tariff-actions-so-far>.
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- <sup>6</sup> “Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs,” The White House (February 11, 2025), <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-section-232-tariffs>.
- <sup>7</sup> FTI Consulting analysis.
- <sup>8</sup> Ryan Kennedy, “Trump tariffs deal damage to US solar,” PV Magazine (April 8, 2025), <https://www.pv-magazine.com/2025/04/08/trump-tariffs-deal-damage-to-us-solar/>.
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- <sup>10</sup> FTI Consulting analysis.
- <sup>11</sup> Colthroe, “US BESS investment already impacted by tariffs—but industry predicted to remain resilient,” Energy Storage News (April 11, 2024). <https://www.energy-storage.news/us-bess-investment-already-impacted-by-tariffs-but-industry-predicted-to-remain-resilient/>.
- <sup>12</sup> FTI Consulting analysis of “EIA Preliminary Monthly Electric Generator Inventory (based on Form EIA-860M as a supplement to Form EIA-860),” U.S. Energy Information Administration (March 25, 2025), <https://www.eia.gov/electricity/data/eia860m/>.
- <sup>13</sup> Kalea Hall, “Study finds Trump’s 25% auto tariffs could cost US automakers \$108 billion,” Reuters (April 10, 2025), <https://www.reuters.com/business/autos-transportation/study-finds-trumps-25-auto-tariffs-could-cost-us-automakers-108-billion-2025-04-10/>.
- <sup>14</sup> “2024 Annual Report,” GE Vernova (February 7, 2025). [https://www.gevernova.com/sites/default/files/gevernova\\_2024\\_annual\\_report.pdf](https://www.gevernova.com/sites/default/files/gevernova_2024_annual_report.pdf).