

Executive Summary & Introduction

- 1. The White House has [claimed authority over the FERC](#) and other independent agencies by executive order, tightening control over FERC policies going forward. Newly [confirmed Energy Secretary](#) Wright has issued an order directing the Department of Energy to [focus on growing baseload](#) and dispatchable generation to meet growing electricity demand. The U.S. Department of Transportation has [suspended the \\$5 billion National Electric Vehicle Infrastructure \(NEVI\)](#) formula program, designed to fund EV charging stations, ordering that “no new obligations may occur until further guidance.
- 2. FERC has approved four [PJM filings related to its capacity market rules](#) that will impact capacity auctions beginning DY 2026/27. FERC has launched a [review of rules for and the impact of co-locating large](#) loads at power plants on the PJM grid, as the number and scale of proposed deals have accelerated. Lastly, FERC has approved MISO’s proposal for [limiting the size of its interconnection queue studies](#).
- 3. [Texas Senate Bill 6](#), relating to electricity planning and infrastructure costs for large loads, was filed on February 12<sup>th</sup>. The bill sponsor statement of intent notes that it focuses on four main objectives: properly allocating transmission costs, establishing measures to protect grid reliability, bringing transparency to load forecasting and protecting residential customers from outages. In California, Senate Bill 540 has been introduced that provides the [CAISO the authority necessary to expand its operations in the Pacific Northwest](#), if it determines an independent regional organization meets specific requirements. The Boston Zoning Commission has approved an amendment to the city’s zoning code that requires most [large new buildings to have net-zero carbon emissions](#) from the day they open.
- 4. The PJM board approved [\\$6.7 billion in new and expanded transmission projects](#), \$4.6 billion of which will fund a west-east 765-kV backbone and \$1.5 billion for needed transmission upgrades to allow two coal plants to retire in Baltimore Harbor.
- 5. According to the EIA, [63 GW of utility-scale generation will come online in 2025](#), about half in solar and less than a third in battery storage. According to researchers, the existing U.S. grid can handle [76 GW to 126 GW of new load](#), if they can be curtailed for just 0.25% to 1% of the time, respectively. Chinese startup DeepSeek released AI models that may have [cost 45 times less than OpenAI](#), upending industry load forecasts that have ballooned with expectation of growth from AI. If you have been wondering where all the power will come from to supply the massive load increases, it’s likely to be a combination of added

1.1 Assessment Approach





Our analysis of the Regulatory risk(s) to our customers is summarized in the rating(s) categories defined below:

Potential Financial Impact to Customer(s):

Symbol	Description
\$+	Signifies potential increase in costs
\$-	Signifies potential decrease in costs

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## Magnitude of Risk to Customer(s):

Symbol	Description	Description
	Major Impact	Represents a regulatory or policy change that is in the <u>process of being enacted</u> by Regulators (i.e., PUC, ISO, FERC, EDC) and is expected to result in a meaningful increase in cost(s) to load; likely require immediate action.
	Medium Impact	Represents a regulatory or policy change that is in the <u>proposal process</u> and being sponsored by one or more ISO stakeholders. Most of these Risk's will likely be elevated to RED. Medium Impact issues will require involvement but we expect to have time to coordinate load on these type(s) of issues.
	Actively Monitor	Represents regulatory or policy discussions or trends that may evolve to either RED or ORANGE categories. No immediate action item for load.
	For Your Information	Industry developments or information, while not directly impacting the customer, may be of interest or import to the customer.

## 2.0 Overall Assessment


We have identified various issues that coalesce with the ratings categories described above. Notwithstanding, these are the Regulatory or Policy issues we consider extremely relevant to our retail customers. With respect to this Bulletin, the six categories which appear to represent the most significant impacts to retail customers are identified below and categorized according to ISO:

- Section 2.1 – Policy
- Section 2.2 – Capacity / System Reliability
- Section 2.3 – Transmission
- Section 2.4 – Ancillary Services
- Section 2.5 – Energy
- Section 2.6 – Industry Development

\*Where appropriate, we have provided links to articles and other relevant information for reference purposes.



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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1a FERC		<p><b>The White House claimed authority over the FERC and other independent agencies via an executive order (EO) signed by President Trump, which stated, “the independent regulatory agencies exercise substantial executive authority without adequate accountability to the president... and prevent a unified and coherent execution of federal law.”</b></p> <p>The EO includes a provision that bars executive branch employees from advancing an interpretation of the law as the position of the United States that contravenes the president or the attorney general's opinion on a matter of law, including issuing regulations, guidance and positions advanced in litigation.</p> <p><a href="#">UD: White House claims authority over FERC, other independent agencies</a></p> <p><a href="#">UD: FERC complies with major portions of Trump order on independent agencies: Christie</a></p>	<p>FERC and other independent agencies must submit proposed and final significant regulatory actions for review by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs.</p> <p>The FERC Chairman must submit the agency's strategic plans to the OMC director for clearance before they are finalized and must consult with and coordinate agency policies and priorities with the directors of OMB, the White House Domestic Policy Council and the White House National Economic Council.</p> <p>Further, the OMB's director will set performance standards and management objectives for the FERC Chairman and report to the president on their performance and “efficiency” in meeting the standards and objectives.</p>	<p>It is unclear how the EO will affect FERC, partly because of the unique language in the Department of Energy Organization Act that created the agency.</p> <p>FERC is governed by the Federal Power Act, the Natural Gas Act, the Administrative Procedure Act, the National Environmental Policy Act and the Sunshine Act.</p> <p>According to FERC Chairman Christie, the agency already complies with the executive order. The FERC Chairman regularly consults with White House officials, submits the agency's budget and strategic plans to the OMB for review, and sends major rulemakings to the OMB's Office of information and Regulatory Affairs for review.</p>


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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
<b>2.1b U.S./ DOE</b>	 \$-	<p>In an <a href="#">order</a> issued by U.S. Energy Secretary Chris Wright, the Department of Energy (DOE) will focus on growing baseload and dispatchable generation to meet growing electricity demand and “exercise all lawful authorities” to strengthen the U.S. power grid, including the transmission system.</p> <p>In his order Secretary Wright stated, “<i>Net-zero policies raise energy costs for American families and businesses, threaten the reliability of our energy system, and undermine our energy and national security, [and] achieved precious little in reducing global greenhouse gas emissions.</i>”</p>	<p>DOE will support more efficient permitting to enable private sector energy investments and review its process for setting energy efficiency standards for appliances using a “commonsense approach” that does not regulate products that consumers value from the market.</p> <p>In its research and development work, the DOE will focus on “affordable, reliable, and secure energy technologies” such as fossil fuels, advanced nuclear, geothermal and hydropower.</p>	<p>DOE will prioritize true technological breakthroughs such as nuclear fusion, high-performance computing, quantum computing, and AI—to maintain America’s global competitiveness.</p> <p>DOE will review its R&amp;D portfolio and “rigorously enforce” project milestones to ensure taxpayer resources are spent cost-effectively.</p> <p><a href="#">(See Sec. 2.6a of this Regulatory Bulletin on Chris Wright’s Senate confirmation as head of DOE.)</a></p>
<b>2.1c U.S./ DOT</b>	 \$-	<p>The U.S. Department of Transportation’s (DOT’s) Federal Highway Administration (FHWA) has suspended the \$5 billion National Electric Vehicle Infrastructure (NEVI) formula program, ordering that “no new obligations may occur” until guidance is updated after review of NEVI’s policies.</p> <p><a href="#">DOT FHWA memo: Suspending approval of state electric vehicle infrastructure deployment plans</a></p>	<p>NEVI was part of the bipartisan infrastructure law passed by Congress in 2021 and was one of the Biden administration’s efforts to expand EV adoption.</p> <p>NEVI required states to develop EV charging infrastructure plans in order to access funds. About \$3.2 billion of the NEVI funds have already been awarded to state transportation departments, and the unawarded amounts are sitting in DOT accounts ready to be deployed.</p>	<p>Because NEVI was established by law and most of the funds have already been distributed, industry experts believe it will take more than a FHWA memo to end the program.</p> <p>President Biden set a goal for half of all new passenger vehicle sales in the U.S. to be electric by 2030. EVs accounted for almost 9% of U.S. light-duty vehicle sales in the third quarter of 2024, according to the EIA.</p>


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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1d FERC	 <b>\$+</b>	<p><b>FERC launched a review of issues related to co-locating large loads, such as data centers, at power plants in the PJM footprint amid a surge in data center development driven by the growth of AI. Co-locating data centers at existing power plants provides a potential pathway to bring data centers online quickly.</b></p> <p>FERC gave PJM and its transmission owners 30 days to explain whether the grid operator's co-location rules are just and reasonable and how co-location could affect transmission service, interconnection, cost allocation and PJM's markets.</p> <p><a href="#">FERC orders action on co-location issues related to data centers running AI</a></p>	<p>Constellation has filed a complaint over PJM's co-location rules, which is pending at FERC.</p> <p>FERC Chairman Christie said that while utilities have an obligation to serve new customers, co-locating large loads at power plants creates tremendous implications for reliability and transmission cost allocation.</p>	<p>FERC, in November, rejected an amended interconnection service agreement that would have allowed power sales to a co-located Amazon data center at the Susquehanna nuclear power plant in Pennsylvania that is majority owned by Talen Energy.</p> <p>FERC also rejected Exelon's proposal for co-locating load, saying the proposal exceeded their filing rights.</p> <p>New rules governing co-located resources in PJM will likely not be approved until 2026.</p>


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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1e ERCOT		<p><b>Texas Senate Bill 6, relating to electricity planning and infrastructure costs for large loads, was filed by Senators Phil King and Charles Schwertner on February 12<sup>th</sup>.</b></p> <p>The bill sponsor statement of intent notes that the proposed legislation focuses on four main objectives:</p> <ol style="list-style-type: none"> <li>1. Properly allocating transmission costs;</li> <li>2. Establishing measures to protect grid reliability;</li> <li>3. Bringing transparency to load forecasting; and</li> <li>4. Protecting residential customers from outages.</li> </ol> <p>In the official release, the senators note that the state of Texas is expected to see significant load growth over the next five years. While this load growth presents an opportunity for economic growth, the proposed legislation is intended to give ERCOT the necessary tools to properly manage the potential strain on the grid and to ensure large loads contribute fairly and equitably to the cost of interconnection and maintenance of grid reliability.</p>	<p>To accomplish these goals of managing load growth and grid reliability, Senate Bill 6 contains the following provisions:</p> <ul style="list-style-type: none"> <li>• <b>Minimum transmission charge for all customers (including behind-the-meter) based on non-coincident peak</b></li> <li>• <b>PUCT to evaluate 4CP cost allocation methodology and consider alternatives</b></li> <li>• <b>Interconnection standards for large loads (i.e., at least 75 MW) connecting at transmission voltage</b></li> <li>• <b>PUCT to review and approve net metering requests of load co-locating with existing generators</b></li> <li>• <b>Disclosure of duplicate requests for electric service that could cause the customer to change or withdraw interconnection request</b></li> <li>• <b>ERCOT authorized to require non-critical large loads interconnected after December 31, 2025, to be remotely disconnected during firm load shed event</b></li> <li>• <b>Uniform financial commitment standards to be included in ERCOT planning</b></li> <li>• <b>Creation of new competitive reliability service for large loads to reduce their load prior to a projected emergency</b></li> </ul>	<p>This bill is in the early phases of discussion in the Texas Senate. During the February 27<sup>th</sup> Senate Business and Commerce Committee hearing, Senator King noted that there are a lot of edits being discussed with stakeholders, and he hopes to have a committee substitute ready in early March.</p> <p>Calpine Solutions is actively monitoring the proposed legislation and will provide updates on any significant changes.</p> <p>Please contact your sales representative for additional information.</p>

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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1f CAISO		<p><b>The California Independent System Operator (CAISO) has been limited in its ability to expand beyond the California state border due to the state's concerns about loss of governance control. This concern was a direct result of the California energy crisis of the early 2000s.</b></p> <p>However, political efforts by certain states in the Pacific Northwest have motivated the California legislature to once again attempt to loosen its control over CAISO governance and allow the CAISO to potentially expand into the Pacific Northwest.</p> <p>Recently introduced legislation, SB 540, provides the CAISO the authority necessary to expand its operations if it determines an independent regional organization meets specific requirements.</p>	<p>SB 540 provides the CAISO the authority necessary to implement the Pathways Initiative Proposal <i>if</i> it determines an independent regional organization (RO) meets specific requirements.</p> <p>The bill allows CAISO to tap into a wider market of electricity resources which studies have shown stand to provide significant benefits to Californians including cost savings, enhanced grid reliability, and reduced air pollution.</p> <p>While prior attempts to create a wider regional CAISO market have failed out of concerns that California would lose control over its environmental policies, SB 540 enables an innovative approach that would secure the gains of an expanded market while protecting California's ability to set and enforce its own procurement, environmental, reliability, and other public policies.</p>	Please contact your sales representative to obtain additional information.



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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1g ISO-NE/ Boston	 \$+	<p><b>The Boston Zoning Commission has approved an amendment to the city's zoning code that requires most large new buildings to have net-zero carbon emissions from the day they open.</b></p> <p>The amendment sets a net-zero emissions standard for new project filings after July 1, 2025 that contain 15 units or more, are 20,000 square feet or more, or add 50,000 square feet or more to existing buildings.</p> <p>Projects must demonstrate compliance with this standard during an existing development review process. All projects falling under this rule will need to report on embodied carbon, while large projects will also be required to conduct an embodied carbon life cycle assessment analysis.</p> <p><a href="#">City of Boston: Mayor Wu announces passage of groundbreaking net zero carbon zoning</a></p>	<p>The new rule builds upon the Specialized Stretch Energy Code and the Buildings Emissions Reduction and Disclosure Ordinance (BERDO).</p> <p>Boston is one of 13 U.S. cities with building emissions limits. Buildings are the source of nearly 71% of Boston's carbon emissions and can meet the new requirements by reducing their energy use and reliance on fossil fuels, increasing their electrification and use of renewable energy sources.</p> <p>BERDO is in its first compliance year in 2025 and initially covers nonresidential buildings that are 20,000 sf or more and residential buildings with 15 or more units. Such buildings must report their energy and water use every year by May 15 and verify reported data with third parties.</p>	<p>Nonresidential buildings of 35,000 sf or more are required to meet emissions compliance benchmarks this year, while the compliance period for those between 20,000 sf to 34,999 sf is slated to begin in 2030.</p> <p>BERDO does allow for later compliance periods for new hospitals, general manufacturing sites and labs. New labs will begin compliance in 2035 and new hospitals and general manufacturing in 2045.</p>


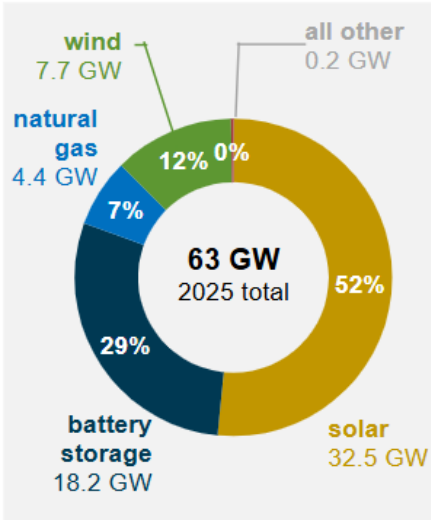


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## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2a PJM	 <b>\$+</b>	<p>FERC has approved four PJM filings related to its capacity market rules, which will impact capacity auctions beginning the 2026/27 Base Residual Auction (BRA) to be held in July 2025.</p> <p>1. <a href="#">ER25-682-000</a> Capacity market rule changes applicable for 2026/27 and 2027/28 delivery years—<i>approved by FERC on 2/14/25:</i></p> <ul style="list-style-type: none"> <li>Switch to Dual Fuel Combustion Turbine as the reference technology, which provides a capacity auction price cap of around \$500/MW-day versus \$700/MW-day under a Combined Cycle unit;</li> <li>Establish a uniform Non-performance charge rate, eliminating the \$0 penalty rate for ten zones under the Combined Cycle scenario;</li> <li>Include the Brandon Shores and Wagner RMR units as price takers in the 2026/27 and 2027/28 capacity auctions; and</li> <li>Remove the reactive service revenue component from Net Energy and Ancillary Services offset.</li> </ul> <p>2. <a href="#">ER25-785-000</a> Must Offer and Market Seller Offer Cap changes—<i>approved by FERC on 2/20/25:</i></p> <ul style="list-style-type: none"> <li>Implement Must Offer requirement to all resources, including solar, wind and battery storage (excludes Demand Response) and create floor for Market Seller Offer Cap (MSOC) at the Capacity Performance Quantifiable Risk (CPQR) rate.</li> </ul>	<p>This means all solar, wind and battery storage resources must offer into the capacity auctions—but their offer price would at minimum cover their cost to mitigate Capacity Performance non-performance risk. These changes will apply to all capacity auctions going forward, beginning with the 2026/27 BRA.</p> <p>3. <a href="#">ER25-712-000</a> Reliability Resource Initiative (RRI) interconnection rule change—<i>approved by FERC on 2/11/25:</i></p> <ul style="list-style-type: none"> <li>Allow a limited number of “shovel ready” generating resources (of any technology) into Transition Cycle #2 of the interconnection queue, in order to expedite capacity development. These resources must commit to participate in the capacity auctions for the next 10 years.</li> </ul> <p>4. <a href="#">ER25-778-000</a> Surplus Interconnection Service (SIS) Process Proposal—<i>approved by FERC on 2/11/25:</i></p> <ul style="list-style-type: none"> <li>Expedite the process for generation owners that have surplus interconnection service to expand their plant capacity and get more MW on the system faster than the standard queue process.</li> </ul> <p>Overall, the implementation of these changes—<i>along with the increased load forecast driven by data centers—create bullish conditions for the 2026/27 BRA.</i></p> <p><a href="#">(See Sec. 2.2a of the December 2024 Regulatory Bulletin for more on data center driven load growth.)</a></p>	<p><b>PENDING PJM FERC filings</b></p> <p>1. <a href="#">ER25-1357-000</a> Price cap/floor applicable for all capacity auctions for 2026/27 and 2027/28 delivery years. Filed on 2/20/25:</p> <ul style="list-style-type: none"> <li>Per the settlement in principle with Pennsylvania Gov. Shapiro, establish a price cap of \$325/MW-day in UCAP and a price floor of \$175/MW-day (in UCAP) for all auctions (BRA and IAs) for DY 2026/27 and 2027/28;</li> <li>FERC acceptance of the proposal will resolve the Section 206 complaint filed by PA Gov. Shapiro;</li> <li>PJM requested an order by 4/21/25, with an effective date of 3/31/25.</li> <li>If approved by FERC, capacity prices for the 2026/27 and 2027/28 delivery years will not exceed \$325/MW-day, nor be lower than \$175/MW-day.</li> </ul> <p>2. Capacity Interconnection Rights (CIR) transfer reforms. <a href="#">Proposal</a> filed on 1/31/25, with a requested 4/2/25 effective date:</p> <ul style="list-style-type: none"> <li>Facilitate an expedited interconnection process for a replacement resource seeking to utilize the CIRs of a deactivating resource. The Replacement Generation Interconnection Process would stand alone outside of the PJM cycle interconnection process and operate in parallel.</li> </ul> <p><b>PJM Inside Lines articles</b></p> <p><a href="#">FERC approves PJM capacity market design changes to support reliability, affordability</a></p> <p><a href="#">FERC accepts additional PJM capacity market design changes</a></p>

2.2 Capacity / System Reliability


Issue#	Rating	Issue	Impact	Action/Result																					
2.2b U.S./ EIA		<p><b>According to the Energy Information Administration (EIA), 63 GW of utility-scale generation capacity will be brought online in 2025, up 30% from 48.6 GW in 2024.</b></p> <p>About 81% of the expected 63 GW additions this year will consist of solar and battery storage, with solar accounting for more than half of the total (<i>see chart at right</i>).</p> <p>Battery storage capacity addition is expected to be 18.2 GW in 2025, up 77% from 10.3 GW in 2024.</p> <p><a href="#">EIA: solar, battery storage to lead new U.S. generating capacity additions in 2025</a></p>	<p><b>U.S. planned utility-scale electric-generating capacity additions (2025) GW</b></p>  <table><caption>2025 Capacity Additions Breakdown</caption><tr><th>Source</th><th>Capacity (GW)</th><th>Percentage</th></tr><tr><td>Solar</td><td>32.5</td><td>52%</td></tr><tr><td>Battery storage</td><td>18.2</td><td>29%</td></tr><tr><td>Wind</td><td>7.7</td><td>12%</td></tr><tr><td>Natural gas</td><td>4.4</td><td>7%</td></tr><tr><td>All other</td><td>0.2</td><td>0%</td></tr><tr><td><b>Total</b></td><td><b>63</b></td><td><b>100%</b></td></tr></table>	Source	Capacity (GW)	Percentage	Solar	32.5	52%	Battery storage	18.2	29%	Wind	7.7	12%	Natural gas	4.4	7%	All other	0.2	0%	<b>Total</b>	<b>63</b>	<b>100%</b>	<p>The balance of the new capacity is made up of 4.4 GW of natural gas and 7.7 GW of wind.</p> <p>Two large offshore wind plants are expected to come online this year: 800-MW Vineyard Wind 1 in Massachusetts and 715-MW Revolution Wind in Rhode Island.</p> <p>The report comes at a time of uncertainty for renewable energy, as the Trump administration has frozen disbursement of Inflation Reduction Act funds and is establishing tariffs that may raise the cost of developing wind and solar.</p>
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2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result														
2.2c U.S.	  \$-	<p><b>The existing U.S grid can handle significant new loads, such as data centers, factories and EVs, as long as they can be curtailed when the electric system is stressed, according to Duke University researchers.</b></p>	<p>“Flexible load strategies can help tap existing headroom to more quickly integrate new loads, reduce the cost of capacity expansion, and enable greater focus on the highest-value investments in the electric power system.”</p> <p>AI-focused data centers, for example, are able to shift their computational loads to different times and locations.</p> <p>The Electric Power Research Institute (EPRI) launched the DCFlex Initiative which aims to show how flexible data center operations can support the grid.</p> <p>ERCOT and PG&amp;E have responded with flexible load interconnection options. PG&amp;E has introduced its FlexConnect pilot program.</p>	<p>Researchers found that balancing authorities with the largest potential load integration capacity at 0.5% annual curtailment are:</p> <table><tr><th>Balancing Authority / RTO</th><th>Potential Load Integration Capacity at 0.5% Annual Curtailment (GW)</th></tr><tr><td>PJM</td><td>18</td></tr><tr><td>MISO</td><td>15</td></tr><tr><td>ERCOT</td><td>10</td></tr><tr><td>SPP</td><td>10</td></tr><tr><td>Southern Co.</td><td>8</td></tr><tr><td>Total</td><td>61</td></tr></table> <p>The results underscore the potential for using flexible load as a complement to supply-side investments. Encouraging flexible resources could help avoid capital investments.</p>	Balancing Authority / RTO	Potential Load Integration Capacity at 0.5% Annual Curtailment (GW)	PJM	18	MISO	15	ERCOT	10	SPP	10	Southern Co.	8	Total	61
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Total	61																	
		<p>The largest 22 U.S. balancing authority areas, accounting for 95% of U.S. load, could accommodate 76 GW to 126 GW of new load—if they can be curtailed for just 0.25% to 1% of the time, respectively, researchers said in the report, <a href="#">Rethinking load growth: assessing the potential for integration of large flexible loads in US power systems</a>.</p> <p><a href="#">PowerMag: Grid flexibility key to accommodate load growth, Duke researchers</a></p>																


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## 2.3 Transmission

Issue#	Rating	Issue	Impact	Action/Result
2.3a PJM	 <b>\$+</b>	<p><b>The PJM board approved \$6.7 billion in both new transmission projects and changes in scope and increases in cost of previously approved projects in its latest Regional Transmission Expansion Plan (RTEP).</b></p> <p>The RTEP includes a modified version of a proposal to build a 765-kV multistate transmission backbone, including 500-kV lines, by AEP, Dominion and FirstEnergy costing \$4.6 billion to bolster west-east regional power transfers.</p> <p><a href="#">PJM Board approves new transmission projects to support grid reliability</a></p>	<p>The plan calls for the companies to build 260 miles of 765-kV transmission line between Putnam County, WV and Frederick County, MD and 155-mile, 765-kV transmission line between Campbell County, VA and Fauquier County, VA.</p> <p>AEP's share of project is \$1.1 billion, with an additional \$600 million project AEP utilities will build in IN, OH and VA.</p> <p>These projects resolve critical west-east regional transfer reinforcement needs by connecting the AEP system in the western portion of PJM with the rest of the network in central and southern parts of PJM, primarily Virginia.</p>	<p>The other major project is the transmission expansion required to allow Talen to retire its coal-fired Brandon Shores and Wagner power plants in Baltimore Harbor, which will cost \$1.5 billion, up from the \$739 million initial estimate. Exelon subsidiaries BGE, PECO and Potomac Edison are the project's primary builders.</p> <p>PJM said that these projects address accelerated load growth in various areas of the PJM region, changes in the mix of generation resources and the resulting shifts to regional power flows, adding that higher costs of long-lead equipment, changes resulting from design and engineering plans, constructability reviews, additional contracting resources and significant volume and complexity of work are driving the cost increase.</p>




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## 2.3 Transmission

Issue#	Rating	Issue	Impact	Action/Result
2.3b MISO	 <b>\$+</b>	<p>FERC approved MISO's second proposal for limiting the size of its interconnection queue studies, stating that MISO's cap and exemptions to it will help <i>"ensure that interconnection customers are able to interconnect to the transmission system in a reliable, efficient, transparent, and timely manner."</i></p> <p>FERC also stated that the proposal will <i>"allow MISO to use more realistic modeling assumptions; provide interconnection customers with more informative, accurate, and actionable study results; and reduce study delays."</i></p>	<p>Under the approved proposal, for each queue study cycle, MISO will set a MW cap at 50% of the non-coincident peak value for each study region from the power flow model used in its most recent transmission expansion plan model series.</p> <p>Additionally, MISO will offer exemptions from the cap requirement for interconnection requests when a larger power plant replaces a retiring generating facility. Exemptions will also be allowed for resources that convert from Energy Resource Interconnection Service (energy only) to Network Resource Interconnection Service (energy and capacity), and for generating facilities with a provisional generator interconnection agreement.</p>	<p>About a year ago, FERC had rejected MISO's initial queue cap proposal, citing concerns about proposed exemptions to the cap, the cap's formula and potential resource adequacy issues caused by the proposal.</p> <p>In a change from MISO's initial proposal, the ISO will include capacity from exempt projects when it sets the queue caps. As a result, exempted interconnection requests will not receive priority access, according to MISO.</p> <p>MISO has experienced a surge in interconnection requests totaling 309 MW, compared to its peak load of 127 GW and 191 GW of installed capacity (both as of December 2023).</p> <p>The study cap will be in effect for MISO's next "definitive planning phase" interconnection study process that starts this fall.</p>
		<p><a href="#">UD: FERC approves MISO interconnection queue cap proposal</a></p>		

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## 2.6 Industry Development

Issue#	Rating	Issue	Impact	Action/Result
<b>2.6a U.S.</b>		<p><b>The Senate has confirmed Liberty Energy Chairman and CEO Chris Wright as Secretary of the U.S. Department of Energy on a 59-38 vote.</b></p> <p><b>This follows the confirmations of Doug Burgum as Interior Department secretary and Lee Zeldin as the EPA administrator.</b></p> <p><a href="#">UD: Senate confirms Liberty Energy CEO Chris Wright as DOE secretary</a></p>	<p>Wright told the Senate Energy and Natural Resources Committee that as DOE secretary he would try to increase U.S. power supplies to help lower electricity prices and would have three immediate priorities:</p> <ol style="list-style-type: none"> <li>1. Expanding energy production and cutting energy costs;</li> <li>2. Accelerating the work of DOE's national laboratories; and</li> <li>3. Building energy infrastructure.</li> </ol>	<p>DOE, Interior and EPA will play key roles affecting the power sector at a time when the electric demand forecasts have jumped, largely on data center and AI growth (<a href="#">see our December 2024 Regulatory Bulletin, Sec. 2.2e for more on data center and AI driven load growth</a>).</p>
<b>2.6b U.S./ AI</b>	 	<p><b>Chinese AI startup DeepSeek released two high-performing AI models that may have cost 45 times less to train than products from U.S. companies like OpenAI and Anthropic, calling into question the massive electricity demand projections for the U.S. that are largely data center and AI driven.</b></p> <p>DeepSeek's apparent dramatic improvements in efficiency suggest further AI performance gains may require less energy-intensive computing power than assumed.</p> <p><a href="#">UD: Generator, advanced nuclear stocks reel as low-cost DeepSeek chills AI load growth outlook</a></p>	<p>Announcements of notable co-location deals have resulted in escalating projections for future load growth.</p> <p>Early last year, Amazon Web Services purchased a 960-MW data center campus from Talen on the expectation that it would buy power from Talen's 2,228-MW stake in the adjacent Susquehanna nuclear generating station.</p> <p>Constellation in September announced plans to restart 835-MW Unit 1 at Three Mile Island nuclear power plant on the back of a 20-year Microsoft power purchase agreement.</p>	<p>ICF has forecast U.S. electricity demand growing by an average of 2% annually through 2033, while EPRI said data centers' share of the U.S. load could double to 9% by 2030.</p> <p>However, other views suggest DeepSeek's breakthrough could actually spur demand for AI infrastructure by accelerating consumer adoption and use and increasing the pace of U.S. tech companies' investment.</p> <p>If some of this demand increase can be tempered by energy-efficient AI technology, that could potentially lighten the burden on the grid, associated supply needs, and impact on customer bills.</p>

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- PJM - <http://pjm.com/about-pjm/who-we-are/contact-us.aspx>
- MISO - <https://www.misoenergy.org/AboutUs/ContactUs/Pages/ContactUs.aspx>
- NEISO - [http://iso-ne.com/contact/contact\\_us.jsp](http://iso-ne.com/contact/contact_us.jsp)
- NYISO - [http://www.nyiso.com/public/markets\\_operations/services/customer\\_support/index.jsp](http://www.nyiso.com/public/markets_operations/services/customer_support/index.jsp)
- ERCOT - <http://ercot.com/about/contact/>
- CAISO - <http://www.caiso.com/Pages/ContactUs.aspx>
- Public Utilities Commission - <http://www.naruc.org/commissions/>

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