

## Executive Summary & Introduction

1. FERC has approved PJM's proposals to [delay the 2026/27 Base Residual Auction to July 2025](#) and to [stop including Energy Efficiency resources as supply](#) in its capacity auctions beginning the 2026/27 BRA.
2. The Commission, in a 2-1 vote, [rejected PJM's amended interconnection service agreement](#) that would have facilitated expanded power sales to a Amazon data center co-located to Susquehanna nuclear power plant.
3. Massachusetts Governor Healey signed the [\\$3.55 billion Mass Leads Act](#), promoting a clean energy grid and advancing clean technology in the state.
4. MISO COO Moeller said that [gas-fired generation built for data centers could serve as a bridge](#) to a net negative carbon emissions era.





## 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

## 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 a 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.




### 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.1a PJM</b></p>	  <p><b>\$+</b></p>	<p><b>The FERC, in a 2-1 vote, rejected PJM’s amended interconnection service agreement (ISA) that would have facilitated expanded power sales to a co-located Amazon data center from a nuclear power plant in Pennsylvania owned by Talen Energy.</b></p> <p>Talen Energy, in March, sold a data center campus in Pennsylvania to Amazon Web Services for \$650 million. Talen intends to sell power to AWS from its 2,228-MW share of the Susquehanna nuclear power plant.</p> <p>AWS has agreed to buy power from Talen in 120-MW increments for the data center, up to 960 MW.</p> <p>To facilitate this agreement, PJM in June asked FERC to approve an amended ISA among the grid operator, Susquehanna Nuclear and PPL Electric Utilities. The amended ISA would have increased the behind-the-meter connection between the power plant and the co-located data center to 480 MW from 300 MW in the existing ISA.</p> <p><a href="#">S&amp;P: FERC rejects Talen nuclear plant’s amended power contract with Amazon datacenter</a></p>	<p>AEP and Exelon challenged the ISA because they claimed it could cause an annual shift of up to \$140 million in transmission costs onto PJM ratepayers.</p> <p>FERC said that PJM failed to show that its existing ISA was inadequate for the Talen-Amazon deal and raised the risk that an approved amended ISA would have allowed PJM to offer the same terms to all “<i>similarly situated interconnection customers.</i>”</p> <p>In a dissent, Chairman Phillips said the decision threatened national security and grid reliability, while Commissioners Rosner and Chang did not participate in the case.</p> <p>The decision comes as data center companies have been exploring co-locating their facilities at existing power plants. FERC held a technical conference on co-location on November 1, where a key issue was ensuring that co-located load paid its fair share of grid costs.</p>	<p>Talen is evaluating its options after FERC’s decision, stating, “<i>the data center economy will require an all-of-the-above approach to satisfy the increased demand,</i>” including co-location, hybrids that co-locate primary power behind the meter while using grid power for back-up, and front-of-the-meter connections.</p> <p>Meanwhile, Constellation Energy is moving forward with plans to bring back online Three Mile Island (renamed Crane Energy Center) Unit 1 nuclear reactor by as early as 2027, in order to serve Microsoft’s data centers under a 20-year PPA.</p>


## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.1b</b> <b>ISO-NE/</b> <b>MA</b></p>	  <p><b>\$+</b></p>	<p><b>Massachusetts Governor Healy signed the <a href="#">Mass Leads Act</a>, promoting a clean energy grid and advancing clean technology among other goals. Healy is also expected to sign the <a href="#">Siting Bill</a>, which together are expected to spur energy infrastructure development in the state.</b></p> <p>The Mass Leads Act enhances the permitting process by insulating approved projects from common ex-post factor attacks, and establishes a new permit regulatory office, creates tax exemptions for data centers, and promotes “climatetech.”</p> <p><b>Key Provisions of the Mass Leads Act</b></p> <ul style="list-style-type: none"> <li>Removes land in Everett and Boston from the Mystic River Designated Port Area (DPA) to allow for the development of a professional soccer stadium and a waterfront park.</li> </ul> <p><a href="#">JD: Massachusetts Governor signs Mass Leads Act promoting clean energy</a></p>	<ul style="list-style-type: none"> <li>Extends certain permits and licenses (including environmental) from municipal, regional, and state government entities concerning development by an additional two years.</li> <li>Extends the zoning freeze, currently at 1 year, for projects with special projects or site plan approvals if that use or construction commences within 3 years.</li> <li>Clarifies what constitutes the commencement of “construction” for purposes of timely exercising an approval, for previously disturbed land and phased development.</li> <li>Establishes a Permit Regulatory Office within the Executive Office of Economic Development that will work with other state agencies to expedite the process of obtaining state licenses, permits, and other approvals.</li> </ul>	<ul style="list-style-type: none"> <li>Provides Sales and Use Tax Exemptions for data center related purchases, electricity consumption and construction costs.</li> <li>Expands the scope of the Massachusetts Clean Energy Technology Center to include the promotion of “climatetech,” and creates a tax credit program for certified climatetech companies.</li> </ul> <p>The Mass Leads Act is estimated to cost \$3.55 billion.</p>

### 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result																																													
<p><b>2.2a</b> <b>PJM</b></p>		<p>FERC has approved PJM’s proposal to delay the 2026/27 Base Residual Auction (BRA) by approximately 6 months (<a href="#">Docket Nos. ER25-118-000 and EL24-148-000</a>), to provide time to address the September 27, 2024 Sierra Club complaint.</p> <p>PJM said it expects to make a 205 filing to amend certain capacity market rules that <i>“have the potential to moot the issues raised in the pending Complaint.”</i></p>	<p>PJM has updated the 2026/27 BRA auction schedule and subsequent auction schedules as shown in the table at right.</p> <p><b>The 2026/27 BRA will now occur in July 2025</b>, while three subsequent BRAs will be pushed back 5 to 6 months. PJM expects to return to its normal schedule for the 2030/31 BRA in May 2027.</p>	<table border="1"> <thead> <tr> <th>Delivery Year</th> <th>Auction</th> <th>Schedule</th> </tr> </thead> <tbody> <tr><td>2025/26</td><td>3rd IA</td><td>Feb 2025</td></tr> <tr><td>2026/27</td><td>BRA</td><td>Jul 2025</td></tr> <tr><td>2026/27</td><td>3rd IA</td><td>Feb 2026</td></tr> <tr><td>2027/28</td><td>BRA</td><td>Dec 2025</td></tr> <tr><td>2027/28</td><td>2nd IA</td><td>cancelled</td></tr> <tr><td>2027/28</td><td>3rd IA</td><td>Feb 2027</td></tr> <tr><td>2028/29</td><td>BRA</td><td>May 2026</td></tr> <tr><td>2028/29</td><td>2nd IA</td><td>Jul 2027</td></tr> <tr><td>2028/29</td><td>3rd IA</td><td>Feb 2028</td></tr> <tr><td>2029/30</td><td>BRA</td><td>Dec 2026</td></tr> <tr><td>2029/30</td><td>1rst IA</td><td>cancelled</td></tr> <tr><td>2029/30</td><td>2nd IA</td><td>Jul 2028</td></tr> <tr><td>2029/30</td><td>3rd IA</td><td>Feb 2029</td></tr> <tr><td>2030/31</td><td>BRA (back to normal schedule under proposed schedule)</td><td>May 2027</td></tr> </tbody> </table>	Delivery Year	Auction	Schedule	2025/26	3rd IA	Feb 2025	2026/27	BRA	Jul 2025	2026/27	3rd IA	Feb 2026	2027/28	BRA	Dec 2025	2027/28	2nd IA	cancelled	2027/28	3rd IA	Feb 2027	2028/29	BRA	May 2026	2028/29	2nd IA	Jul 2027	2028/29	3rd IA	Feb 2028	2029/30	BRA	Dec 2026	2029/30	1rst IA	cancelled	2029/30	2nd IA	Jul 2028	2029/30	3rd IA	Feb 2029	2030/31	BRA (back to normal schedule under proposed schedule)	May 2027
Delivery Year	Auction	Schedule																																															
2025/26	3rd IA	Feb 2025																																															
2026/27	BRA	Jul 2025																																															
2026/27	3rd IA	Feb 2026																																															
2027/28	BRA	Dec 2025																																															
2027/28	2nd IA	cancelled																																															
2027/28	3rd IA	Feb 2027																																															
2028/29	BRA	May 2026																																															
2028/29	2nd IA	Jul 2027																																															
2028/29	3rd IA	Feb 2028																																															
2029/30	BRA	Dec 2026																																															
2029/30	1rst IA	cancelled																																															
2029/30	2nd IA	Jul 2028																																															
2029/30	3rd IA	Feb 2029																																															
2030/31	BRA (back to normal schedule under proposed schedule)	May 2027																																															
<p><b>2.2b</b> <b>PJM</b></p>	  	<p>FERC has approved PJM’s proposal to stop including Energy Efficiency (EE) resources as supply in its capacity auctions, beginning the 2026/27 Base Residual Auction, which will reduce retail electricity bills.</p> <p>PJM began making capacity payments for energy efficiency resources in 2009, but the RTO’s market monitor (IMM) filed a complaint this summer at the FERC for the practice to be stopped.</p> <p><a href="#">UD: FERC approves PJM plan to omit energy efficiency resources from capacity auctions</a></p>	<p>According to the IMM, energy efficiency resources <i>“are already compensated through the PJM markets to the extent that they actually reduce customer payments for energy and capacity.”</i></p> <p>PJM stakeholders voted in August to remove Energy Efficiency from capacity auctions, filing the proposal at FERC in September citing lack of evidence that capacity market payments for energy efficiency resources directly incentivize efficiency projects.</p>	<p>FERC approved PJM’s proposal, saying that the ISO’s load forecasting methodology <i>“reasonably accounts for energy efficiency measures on the demand side,”</i> thus <i>“it is not necessary for PJM to also include energy efficiency resources in the capacity market on the supply side to achieve just and reasonable rates.”</i></p> <p>The Commission concluded that removing Energy Efficiency from the capacity auction should <i>“reduce resulting wholesale capacity market costs, without any effect on the total amount of capacity that PJM must procure to meet its resource adequacy requirement.”</i></p>																																													

## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.2c</b> <b>MISO</b></p>		<p><b>Speaking at the annual meeting of the National Association of Regulatory Utility Commissioners (NARUC), MISO COO Moeller said that gas-fired generation built for data centers could serve as a bridge to a net negative carbon emissions era.</b></p> <p>Moeller said it's possible to obtain net negative carbon emissions while using gas-fired generation during the 70 hour to 80 hour periods that occur roughly every three years when it's overcast and the wind isn't blowing and wind and solar resources aren't producing power.</p> <p><a href="#">UD: Gas-fired generation for data centers offers bridge to net-negative carbon future</a></p>	<p>After stagnant load growth for two decades, MISO is seeing surprising growth across its footprint, largely from data centers. Moeller said data centers are showing up with 2.5-GW proposals, equaling the size of Indianapolis, and wanting to build in 2 years.</p> <p>Moeller said regulatory structures are designed to prevent rapid buildouts—partly in response to previous power sector overbuilds, but <i>“suddenly we need to go fast. In the short run, it will be difficult to build a no- or low-carbon fleet because of [lack of] technology.”</i></p>	<p><b>But data centers could pay for gas-fired generation to power their facilities in the short-term—then, over time, those power plants could be used as emergency backup power for the grid.</b></p> <p>Further, Moeller believes that on-site gas storage is a potential solution to avoid building additional pipeline infrastructure, and on-site LNG could be used for pipeline peak shaving by the gas sector.</p> <p><i>(This is similar to what New England has done with Everett LNG Facility, see our <a href="#">May 2024 Regulatory Bulletin</a>, Sec. 2.2c.)</i></p>

## 3.0 Contact Information

### Calpine Energy Solutions Regulatory Contacts:

- Becky Merola, Regulatory Policy, East, 614-558-2581 (mobile)
- Clint Sandidge, Regulatory Policy, ERCOT, Midwest, 713-361-7717 (office)
- Greg Bass, Regulatory Policy, West, 619-684-8199 (office)
- Jung Suh, ISO Analytics, 610-717-6472 (mobile)

### Public/ISO Regulatory Contacts:

- 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/>

*Disclaimer: This report is provided to the intended recipients for informational purposes only, and is provided 'as is', and is not guaranteed to be accurate, or free from errors or omissions. The information, opinions, estimates, projections, and other materials contained herein are subject to change without notice. Any pricing contained herein is indicative only, and this report does not constitute an offer to buy or sell. Some of the information, opinions, estimates, projections, and other materials contained herein have been obtained from various sources (e.g., publicly available information, internally developed data, and other third-party sources, including, without limitation, exchanges, news providers, and market data providers), believed to be reliable, and to contain information and opinions believed to be accurate and complete, however, Calpine Energy Solutions, LLC, ("Solutions") has not independently verified such information and opinions; makes no representation or warranty, express or implied, with respect thereto (any and all of which are expressly disclaimed); takes no responsibility for any errors and omissions that may be contained herein, whether attributable to itself or others; and disclaims all liability whatsoever for any loss arising whether direct, indirect, incidental, consequential, special, exemplary or otherwise, including any lost profits, from any use of or reliance on the information, opinions, estimates, projections, and other materials contained herein, whether relied upon by the intended recipient or any third party. Any reliance on, and/or any and all actions and judgments made based on it are recipient's sole responsibility, and at its sole risk. This report, the information, opinions, estimates, projections and other materials contained herein (except for certain forecast maps obtained from the National Oceanic and Atmospheric Administration, a U.S. governmental agency, for which no copyright protections exist), shall remain the sole and exclusive property of Solutions, all rights reserved. This report may not be used, reproduced, disseminated, sold, distributed, transmitted, published or circulated in any manner or for any purposes – all of which are expressly forbidden – without the prior express written consent of Solutions, in its sole discretion, and/or any relevant source, as may be applicable. Solutions and/or its affiliates may deal as principal in the products (including, without limitation, any commodities or other financial instruments) referenced herein. Information not reflected herein may be available to Solutions.*