

Executive Summary & Introduction

1. According to a report by Synapse Energy Economics, Maryland's ratepayers could see [increases in electricity bills by 2% to 24%](#) as a result of the increase in capacity prices in PJM's 2025/2026 Base Residual Auction.
2. According to CBRE, [data center demand showed strength in the first half of 2024](#), with vacancy rates for primary markets falling to a record low of 2.8%.
3. NYISO has [reformed its interconnection process](#) to use a cluster study approach that aims to save time by evaluating requests in groups rather than individually.
4. Orsted has partnered with Mission Clean Energy to [develop 1 GW of standalone energy storage projects](#) in the North/Central regions of MISO. Meanwhile, the company continues to face headwinds in its offshore wind business, as it announces a [delay in the construction of the 704-MW Revolution Wind](#) OSW project off the coast of Rhode Island and Connecticut by a year, to 2026, resulting in a \$476 million impairment charge.
5. FirstEnergy will [pay \\$19.5 million to settle all litigation](#) with the Ohio Attorney General and the Office of the Summit County Prosecutor related to the HB 6 bribery scandal.
6. SunPower, one of the nation's largest residential solar installation companies, [filed for Chapter 11 bankruptcy](#), after encountering a severe liquidity crisis following a steep drop in residential solar demand.





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.


2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<p>2.2a PJM/ MD</p>	 <p>\$+</p>	<p>According to a report by Synapse Energy Economics commissioned by the Maryland Office of People’s Counsel, the state’s ratepayers could see increases in electricity bills by 2% to 24%, depending on location, due to the increase in capacity prices in PJM’s 2025/2026 Base Residual Auction.</p> <p>Synapse projects a +24% increase for ratepayers in Western Maryland, +10% for those in PEPCO and SMECO territories, and +2% for Delmarva.</p> <p>NAIOP: Electric rates spike in latest capacity auction</p>	<p>Ratepayers in BGE territory could see their bills increase by 19%, an estimated 5% of which is to pay for the reliability must run contracts to continue to operate two coal plants, Brandon Shores and Wagner, in Baltimore Harbor.</p> <p>Synapse estimates that the absence of Brandon Shores and Wagner power plants in the 2025/26 capacity auction drove up capacity prices across PJM by \$5 billion.</p>	<p>Consumers in the PJM footprint will pay \$14.7 billion for capacity in the 2025/26 delivery year, up from \$2.2 billion in the prior DY (see our 8/19/24 Supplemental Special Report for more).</p> <p>Maryland, a net electricity importer, needs new transmission lines and generating plants according to PJM.</p> <p>MDOPC: Maryland customers face years of higher electricity rates from regional market problems</p>
<p>2.2b U.S./ data centers</p>	 <p>\$+</p>	<p>According to CBRE, data center demand showed strength in the first half of 2024, with vacancy rates for primary markets falling to a record low of 2.8%, from 3.3% in the year prior.</p> <p>In the first half of 2024, supply in primary markets increased 24% or 1,100 MW from 1H23.</p> <p>Under construction activity in primary markets reached a record 3.9 GW, a 69% increase year over year. Nearly 80% of the capacity under construction has been preleased.</p> <p>CBRE: Cloud & AI H1 2024 state of the market</p>	<p>Pricing continued to increase, albeit at a slower rate than last year, to 7% in the 250 -500 kW category in the primary markets.</p> <p>At the top of the list, Atlanta saw a 76% increase in under-construction activity, reaching 1.3 GW and a 26% pricing increase due to strong AI demand.</p> <p>Austin and San Antonio quadrupled under-construction activity to 0.5 GW.</p> <p>Cloud providers continue to lease most of the available capacity, but AI providers are taking a considerable share of capacity.</p>	<p>Power availability remains the top consideration in data center site selection.</p> <p>CBRE anticipates longer power delivery timelines due lack of suitable sites, shortages of equipment and available power.</p>



2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<p>2.2c MISO</p>	 <p>\$+</p>	<p>Orsted is partnering with Mission Clean Energy to develop 1 GW of standalone energy storage projects in the North/Central regions of MISO. The partnership will build four grid-connected 4-hour battery installations with 200 MW to 300 MW of capacity, with a targeted commercial operation date of 2030.</p> <p>Mission Grid will own and lead the development while Orsted will provide capital to maintain the position of the projects in the MISO interconnection queue.</p> <p>UD: Orsted, Mission Clean Energy to build 1 GW of grid storage in MISO</p>	<p>Several states in MISO are pursuing 100% emissions-free electricity targets. Michigan and Minnesota are both aiming for 100% clean electricity by 2040, while Illinois has a 2050 target.</p> <p>Expected coal-fired plant retirements and an influx of new intermittent generation will drive the need for storage to maintain reliability.</p> <p>MISO anticipates a capacity shortfall of 1 GW to 3.7 GW in its North/Central regions as soon as next summer (see our June Regulatory Bulletin, Sec. 2.2a).</p>	<p>The four energy storage projects are to be sited to provide locational capacity requirements, as well as the ability for MISO to manage volatility on its grid.</p> <p>Orsted said that the commissioning timeline depends on the MISO interconnection process and the timing of network upgrades. The projects entered the queue in April.</p>
<p>2.2d ISO-NE</p>	 <p>\$+</p>	<p>Orsted has announced a delay in construction of the 704-MW Revolution Wind offshore wind project off the coast of Rhode Island and Connecticut by a year, to 2026.</p> <p>Orsted stated it will take a \$472 million impairment charge due to the delay.</p> <p>TG: Danish wind power giant Orsted delays major US offshore project</p>	<p>Last year, the company scrapped two major offshore wind projects off the coast of New Jersey, Ocean Wind I and II, amid surging costs.</p> <p>In February, Orsted implemented a “reset plan” under which it cut 800 jobs, pulled back from Spain, Portugal and Norway, reining in plans to expand its offshore wind business, and suspended dividends for the 2023 to 2025 period.</p>	<p>Orsted is majority owned by the Danish government. The company’s CFO and COO both stepped down after the announcement, stating the company needed “new and different capabilities.”</p>

2.3 Transmission

Issue#	Rating	Issue	Impact	Action/Result
<p>2.3a NYISO</p>	 <p>\$-</p>	<p>The NYISO announced reforms to its interconnection process under which it will use a cluster study approach that aims to save time by evaluating requests in groups rather than individually, consistent with reforms mandated by FERC Order 2023.</p> <p>Also, the new study process limits the number of mid-stream project modifications to limit delays for other projects.</p> <p>NYISO: Enhancing the interconnection process</p>	<p>There has been an unprecedented increase in the number of new generation projects seeking to connect to the bulk power system.</p> <p>The ISO expects electricity demand to double over the next two decades, driven by EVs, electrification of heating and new manufacturing.</p>	<p>The new process will enable the increasing number of projects to interconnect to do so in a reliable, efficient, transparent, and timely manner, according to the ISO.</p>

2.6 Industry Development

Issue#	Rating	Issue	Impact	Action/Result
<p>2.6a PJM</p>		<p>FirstEnergy will pay \$19.5 million to settle all litigation with the Ohio Attorney General and the Office of the Summit County Prosecutor related to the HB 6 bribery scandal.</p> <p>HB 6 was energy legislation that included about \$1 billion in ratepayer subsidies for two nuclear plants in Ohio owned by a former FirstEnergy subsidiary .</p> <p>WFMJ: Ohio AG settles case against FirstEnergy bribery scandal for \$20 million</p>	<p>An indictment by a grand jury of Summit County, Ohio, related to the organized crime commission's investigation was unsealed in February against Sam Randazzo, the former chairman of PUCO, Charles Jones, former FirstEnergy CEO, and Michael Dowling, former FirstEnergy senior vice president, with several felony counts, including bribery, money laundering and aggravated theft. These officials were part of a \$60 million bribery scheme aimed at ensuring passage of HB 6.</p>	<p>In 2021, FirstEnergy agreed to pay \$230 million to settle an investigation by the U.S. Attorney's Office for the Southern District of Ohio, where the company admitted to bribing officials to support HB 6 (see our July 2021 Regulatory Bulletin, Sec. 2.6a).</p> <p>In addition, FirstEnergy has reached an agreement with the SEC to settle suits related to the company's role in the bribery scandal and has set aside \$100 million for the penalty/settlement.</p>
<p>2.6b U.S./solar</p>		<p>SunPower, one of the nation's largest residential solar installation companies, filed for Chapter 11 bankruptcy after announcing plans to sell portions of its operations to Complete Solaria for \$45 million.</p> <p>SunPower agreed to sell its Blue Raven and New Homes business units, along with a portion of its dealer network, for \$45 million in cash to Complete Solaria.</p> <p>Energysage: SunPower is bankrupt. What now?</p>	<p>SunPower encountered a severe liquidity crisis following a steep drop in residential solar demand, inflation and increased interest rates having taken a toll, as well as financial reporting errors that rendered the company unable to secure new financing.</p> <p>SunPower was a leading U.S. solar panel manufacturer before it spun out its manufacturing business in 2019.</p>	<p>The company plans to sell its existing operations and assets as quickly as possible to pay down its \$2 billion in debt, before winding down any remaining operations.</p>

3.0 Contact Information

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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
- NYISO - 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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