

## Executive Summary & Introduction

1. Vermont became the first state in the U.S. to pass a law that will [charge fossil fuel companies for damages caused by climate change](#).
2. The U.S Senate has [confirmed Judy Chang, David Rosner and Lindsay See as FERC commissioners](#), who will join Chairman Phillips and Commissioner Christie and restore the agency to its full complement of five commissioners. Commissioner Clements will leave the agency when her term expires at the end of June.
3. New England ISO, in its summer reliability outlook, said that its power grid should have sufficient electricity supplies to meet typical summer demand but in [“worst-case circumstances” could be forced to call for controlled power outages](#) to maintain system reliability.
4. According to the 2024 MISO OMS survey, [MISO’s North/Central region could see a 1 GW to 3.7 GW capacity shortfall next summer](#), while its South region could see a 3 GW to 4 GW surplus. MISO warned of the continuing rapid pace of power plant retirements and that immediate action is needed to bring new capacity online, coordinate resources for new load additions and slow the pace of resource retirements.
5. The NYISO, in its [2024 Power Trends report, underscored the importance of maintaining grid reliability](#) saying that large loads, such as manufacturing plants and data centers, require “grid strength.” The report expressed concern over the rate of generator retirements and the need for new resources to provide the same reliability attributes that the departing resources have.
6. New York Gov. Hochul announced the [finalization of 810-MW Empire Wind 1 and 924-MW Sunrise Wind offshore wind contracts](#) in its fourth OSW solicitation. Both OSW projects were part of the 5.2 GW of offshore wind project cancelations over the last several months and were repriced under the latest solicitation.
7. The New York [PSC approved a plan for the state to achieve 6 GW of energy storage by 2030](#), representing 20% of the peak electricity load in the state.





## 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</b> <b>ISO-NE</b></p>	  <p><b>\$+</b></p>	<p><b>Vermont became the first state in the U.S. to pass, by a veto-proof majority of the state’s House and Senate, a law that will charge fossil fuel companies for damages caused by climate change, modeled after the 1980 federal superfund law under which polluters were forced to pay for environmental cleanup costs.</b></p> <p>The law will allow the state to charge companies according to the share of emissions they produced between 1995 and 2024. Funds generated by the law would go toward climate adaptation and resilience projects.</p> <p><a href="#">NYT: Vermont to require fossil-fuel companies to pay for climate damage</a></p>	<p>Vermont Gov. Scott said that he would allow the law to go into effect without his signature but cautioned the legislature that <i>“taking on ‘Big Oil’ should not be taken lightly.”</i> Gov. Scott stated that he was concerned about the costs of a small state striking out on its own, The legislature set aside only \$600,000 to complete an implementation methodology that <i>“will need to withstand intense legal scrutiny from a well-funded defense.”</i></p> <p>Vermont authorities have until January 2027 to create a methodology to charge fossil fuel companies for damages caused by their products.</p>	<p>The New York state legislature has passed a similar bill earlier this month, contemplating collecting \$75 billion from fossil-fuel companies but still needs Gov. Hochul’s signature to become law (see article below).</p> <p><a href="#">Politico: New York lawmakers pass ‘Climate Superfund’ bill</a></p> <p>Lawmakers in Massachusetts, California, and Maryland have also introduced climate superfund bills.</p> <p>The Vermont law is certain to face legal challenges. The American Petroleum Institute stated the law <i>“is bad public policy and may be unconstitutional... singling out fuel extraction and refinement for potentially exorbitant and disproportionate penalties while ignoring the economy-sustaining use of that energy is misguided.”</i></p>



### 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.2a</b> <b>MISO</b></p>	  <p><b>\$+</b></p>	<p><b>According to the 2024 MISO OMS<sup>1</sup> survey, MISO could see a 2.7 GW capacity shortfall to a 1.1 GW surplus across its footprint next summer.</b></p> <p>MISO's North/Central region could face a 1 GW to 3.7 GW capacity shortfall next summer while its Southern region may see a 3 GW to 4 GW surplus.</p> <p>The survey found the largest resource adequacy risks occur in the spring and summer.</p> <p><a href="#">MISO 2024 OMW survey press release</a></p> <p><sup>1</sup> Organization of MISO States</p>	<p>MISO is anticipating strong, long-term load growth driven by data centers, manufacturing, increased cooling demand, EVs and cryptocurrency operations.</p> <p>MISO warned of the continuing rapid pace of power plant retirements, with EPA regulations possibly accelerating generator shutdowns (see our <a href="#">April 2024 Regulatory Bulletin, Sec. 2.1a for more on the new EPA rules</a>).</p>	<p>While the outlook is somewhat offset by the easing of supply chain bottlenecks, permitting constraints and labor shortages, MISO and OMS stated that immediate action is needed to bring new capacity online, coordinate resources for new load additions and slow the pace of resource retirements.</p>
<p><b>2.2b</b> <b>ISO-NE</b></p>	  <p><b>\$+</b></p>	<p><b>In its summer reliability outlook, the New England ISO said its power grid should have sufficient electricity supplies to meet typical summer demand but “in worst-case circumstances” could be forced to call for controlled power outages to maintain system reliability.</b></p> <p><a href="#">ISO-NE power grid summer preparedness</a></p>	<p>The ISO will have about 30 GW of available capacity to meet an anticipated peak demand of 24.6 GW. However, under extreme heat and humidity demand could reach more than 26 GW.</p> <p>Under such conditions the ISO could activate emergency procedures, calling on generation reserves, fast-starting units and voluntary conservation before turning to outages.</p>	<p>Behind-the-meter solar is expected to reduce grid demand by about 1 GW during the daily peak hour.</p>


## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.2c</b> <b>NYISO</b></p>	  <p><b>\$+</b></p>	<p>The NYISO published its <a href="#">2024 Power Trends Report</a> underscoring the importance of maintaining grid reliability, stating <i>“the successful transition of the electric grid depends on the careful balance of reliable energy supply with the forecasted increase in demand.”</i></p> <p>The report states that large loads, such as manufacturing facilities and data centers, require <b>“grid strength”</b>, defined as the <i>ability of the power system to remain stable under normal conditions and expeditiously return to a steady state condition following a system disturbance.</i></p> <p>The report points out the rate of generator retirements are outpacing new capacity additions, highlighting the change in resource attributes of that new capacity.</p> <p><a href="#">2024 Power Trends Fact Sheet</a></p>	<p>NYISO said new supply must have the capabilities to provide the reliability services that the departing resources have and expressed concern for the retirement of NYPA’s seven gas peakers by 2030, which were critical in maintaining grid reliability during Winter Storm Elliott.</p> <p>NYISO said that there cannot be a continuous exit of traditional resources in load areas while a significantly smaller number of renewable resources enter the grid without the available transmission in place to move the energy. This will result in diminished “grid strength.”</p> <p>If the state experiences a heatwave with a daily temperature of 95 degrees or more for three or more days, it saps the grid of emergency operating reserves, drawing attention to its fragility.</p>	<p>As the system transitions to being winter peaking, the power system has grown more sensitive to fuel disruption events. The ability of a generator to procure natural gas in the winter period is vital to meeting reliability margins as soon as 2027-2028, highlighting the importance of dual-fuel units representing nearly 75% of the capacity of the downstate generation fleet.</p> <p>Lastly, the report highlights the need for dispatchable emissions free resources (DEFER) as the state moves towards the Climate Leadership and Community Protection Act (CLCPA) mandates, noting that the R&amp;D, permitting and construction of DEFER supply will require action well in advance of 2040.</p>

## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2d NYISO	 \$+	<p><b>Gov. Hochul announced the finalization of new contracts for 810-MW Empire Wind 1 and 924-MW Sunrise Wind as a result of New York’s fourth offshore wind solicitation.</b></p> <p>Empire Wind 1 is to be developed by Equinor, while Sunrise Wind is to be developed by Orsted and Eversource. Both offshore wind projects are targeted to enter operation in 2026.</p> <p><a href="#">PR: Gov. Hochul announces finalization of new contracts for Empire Wind 1 and Sunrise Wind</a></p>	<p>Gov. Hochul touted 800 short-term construction jobs and \$2 billion investment in “enhanced economic development statewide.”</p> <p>The combined 1,700-MWs of offshore wind generation would make progress toward meeting the 9 GW OSW goal by 2035 under the Climate Leadership and Community Protection Act (CLCPA).</p>	<p>New York’s offshore wind procurement has been in disarray since 5.2 GW of offshore wind projects have been canceled due to “changed economic circumstances” and cancelation of promised turbines (see our <a href="#">January 2024</a> and <a href="#">April 2024 Regulatory Bulletins</a>, Secs. 2.2c and 2.2d, respectively.)</p>
2.2e NYISO	 \$+	<p><b>The New York Public Service Commission approved a plan for the state to achieve 6 GW of energy storage by 2030, towards meeting the goals of the Climate Leadership and Community Protection Act (i.e., 70% of the state’s electricity from renewables by 2030 and 100% by 2040).</b></p> <p>The state needs to add another 4.7 GW of energy storage on top of the 1.3 GW of already contracted.</p> <p><a href="#">T&amp;D: New York State aims for 6 GW of energy storage by 2030</a></p>	<p>The state intends on procuring:</p> <ul style="list-style-type: none"> <li>• 3 GW of new bulk storage, to be procured through a new competitive <a href="#">Index Storage Credit</a> mechanism.</li> <li>• 1.5 GW of new retail storage and 200 MW of new residential storage, supported through an expansion of NYSERDA’s existing region-specific block incentive programs.</li> <li>• Utilization of at least 35% of program funding to support projects delivering benefits to Disadvantaged Communities (DACs), and targeting fossil-fuel peaker plant emission reductions in downstate regions.</li> </ul>	<p>The Department of Public Service (DPS) and NYSERDA assessed potential market reforms and cost-effective procurement mechanisms to achieve the 6 GW, representing about 20% of the peak electricity load in the state.</p> <p>The agencies have identified research and development requirements to hasten technology innovation for long-duration storage. They see storage development as a way to allow the elimination of the state’s fossil-fueled power plants, at odds with the NYISO’s stated needs to maintain reliability.</p>

## 2.6 Industry Development

Issue#	Rating	Issue	Impact	Action/Result
<p><b>2.6a</b> <b>FERC</b></p>		<p><b>The U.S. Senate has confirmed three nominees to the FERC, restoring the agency to its full complement of five commissioners.</b></p> <p>Judy Chang, D, David Rosner, D, and Lindsay See, R, will join commissioners Willie Phillips and Mark Christie at the FERC.</p> <p>Commissioner Clements will leave the agency when her term expires at the end of June.</p> <p><a href="#">NN: Senate confirms 3 FERC appointees</a></p>	<p>Judy Chang was the undersecretary of energy for Massachusetts under former Gov. Baker. Chang's term at FERC runs to June 30, 2029.</p> <p>David Rosner was a FERC energy industry analyst on loan to the Democratic staff of the U.S. Senate Energy and Natural Resources Committee for the last two years. Rosner's term runs to June 30, 2027.</p> <p>Lindsay See was West Virginia's solicitor general. See's term runs through June 30, 2028.</p>	<p>Commissioner Phillips will retain his role as Chairman of FERC.</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](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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