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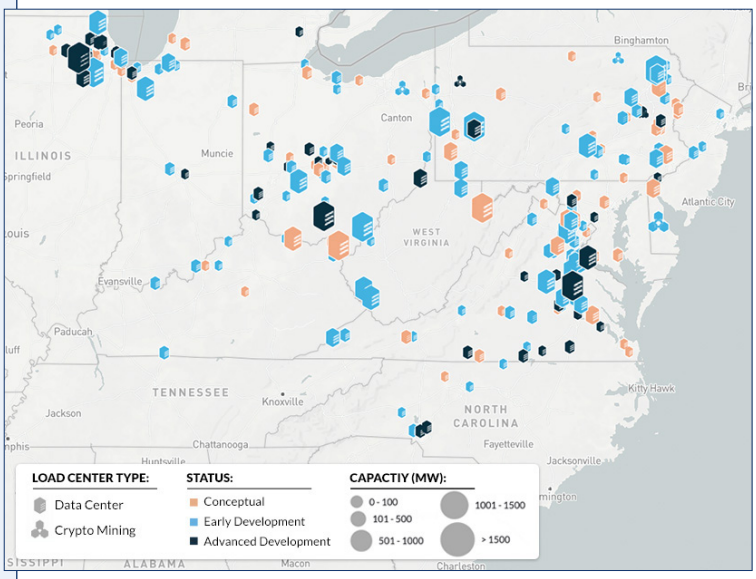
October 2026

# NODAL TRADER SPECIAL EDITION

Insights and Analysis from RTO Insider and Yes Energy

ENERGY FUTURES | OPINION

## Data Centers and Politics: Game Changers for FERC?




Potential data centers in PJM | *Yes Energy*

FERC's recent conference on issues in PJM exemplifies how data center demand and related political pressure are influencing the commission and the ISO/RTOs it oversees, writes Peter Behr.

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*BPA*

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# 'Volatility' Describes Market Reforms, Demand, Transmission in 2026

## Growing Public Opposition to Data Centers in Election Year Dominates Headlines



Ken Sands

Market reform in PJM and the Western markets can be described with one word: volatility. Meanwhile, public opposition to data centers is growing across North America, with at least 500 local governments in the U.S. approving moratoria or bans on data centers.

Some Big Tech companies are finding workarounds. Google and Constellation Energy recently reached power purchase agreements for nuclear uprates and from existing power generation. The deal gives Constellation the certainty it needs to invest in new generation. (See *Google, Constellation Sign PPAs Totaling 3,590 MW*.)

Problems with a strained transmission system have surfaced too. In Northern Virginia in July, a 230-kV transmission line tripped offline. About 3.8 GW worth of data centers immediately switched to backup generation. The drop in load caused voltage issues that led to flickering lights from D.C. to Chicago. An outage was avoided, but this simple act was a wake-up call for grid operators. (See *PJM Proposes Large Load Ride-through Requirements*.)

### Market Reform in PJM and the West

PJM faces many challenges, most stemming from high capacity auction prices as projected demand growth outpaces new and replacement generation.

States and consumer advocates focus on PJM governance to gain more control on behalf of consumers to keep electricity prices down. That, by definition, would mean less control for the transmission owners, generation owners, electric distributors, suppliers and commercial end-use customers.

The balancing authority and seams map in the West looks like a stereotypically gerrymandered political map. In the competition between CAISO and SPP for day-ahead market dominance, SPP's Markets+ was poised to count the Bonneville Power Administration as a member. Now, with a new administrator, BPA is reconsidering.

Travis Kavulla, the new BPA administrator, said he's worried about "the reliability and economic efficiency impacts arising from seams between the two markets." (See *EDAM, Markets+ Debate Needs More Time, Kavulla Says*.)

### Data Centers, Politics and Policy

Earlier this year Texas had a whopping 410 GW of proposals in the interconnection queue and were taking them in "batches" to speed the process. That all changed within months as Gov. Greg Abbott (R) pushed pause and called for an audit. The affordability crisis in an election year has caused all sorts of fallout. (See *Abbott Tightens Pause on ERCOT Data Center Interconnections*.)

While FERC — with a not-so-subtle nudge from President Trump — has given the RTOs a tight deadline to address the timeliness of large load interconnections, several RTOs are telling Big Tech to bring its own generation.

"The idea of requiring large loads to bring generation seems odd to me, because I don't know why they would have a comparative advantage in building generation quickly over companies whose business it is to build generation," Potomac Economics President David Patton said at a recent conference. "But the problem has been that the interconnection processes don't facilitate investment in generation that's rapid enough to keep up with the growth in large loads." (See *IMM Patton Appears Unfazed by MISO 3rd Party Review*.)

Meanwhile, key members of the U.S. Senate have reached agreement on an energy permitting reform bill. The proposal would expand FERC siting authority, mandate use of grid-enhancing technologies, and among other things require that distributed generation resources and virtual power plants be allowed to participate in wholesale markets. (See *Key Senators Present Bipartisan Permitting Reform Proposal*.)

Follow *RTO Insider* for the latest developments. Our team writes about 170 articles a month, covering hundreds of stakeholder meetings across North America each year. We're in the room so you don't have to be.

*Ken Sands is editor-in-chief of RTO Insider.*

# Data Centers and Politics: Game Changers for FERC?

## Conference on PJM Governance Foreshadows Increased Political Influences

*By Peter Behr*


Peter Behr

The AI and data center eruption is transforming the U.S. electric power grid. Will it also transform the interstate high-voltage grid's regulator — FERC?

The question, whose answer hasn't yet been written, has taken center stage following FERC's ultimatum to PJM to focus and accelerate its decision-making on power supplies for the flood of planned hyperscale data centers that cover PJM's 13-state footprint. (See *FERC Dives into PJM Governance Woes, Wants Fixes by this Fall*.)

FERC Chair Laura Swett's directive at the agency's daylong PJM summit couldn't have been more explicit about the commission's demand for faster, more transparent and more responsive decisions by the RTO board.

"I want you all to hear this plainly," Swett said. "If the stakeholders cannot reach a set of credible, meaningful reforms or an agreement in principle by the end of September, then this commission is not going to hesitate to use the full extent of our legal authority to implement reforms necessary to restore confidence in PJM's governance."

Former FERC chair Mark Christie said the ground has shifted in favor of governance reforms at PJM.

"It was clear from the technical conference that FERC is unanimous in demanding that PJM institute major governance reforms," Christie told *RTO Insider*. Either PJM initiates changes, or FERC will act. "Since I have been calling for major PJM governance reforms for 20 years, I am cautiously optimistic that this time we will actually get major reforms."

President Donald Trump's demand that data centers' enormous power needs be met, and the *Trump v. Slaughter* U.S. Supreme Court decision giving him unprecedented leverage with FERC, arguably turns the volume way up on Swett's imperative: "fix it, or we will."

### Reform Agenda

An array of speakers at the July 23 meeting zeroed in on PJM rules that give commanding leverage to the more than 1,000 energy companies and other PJM members when key policies come up for approval. PJM's dizzyingly complex voting structure has been a central reason for the delay or defeat of crucial policy measures, conference speakers agreed. Swett and other commissioners put this issue high on the "fix it" agenda.

Just a few days after the FERC conference, PJM's board announced decisions on securing and managing power supply for data centers that went against its members' majority views and the position of PJM's staff as well. The timing of this take-charge move hardly seems accidental. (See *PJM to Create Large Load Registry, Proposes to Hold Backstop Auction in October*.)

The PJM board's actions affected important market and operating issues.

One was PJM's plans for a backstop reliability auction that it hopes will produce contracts by data centers to purchase power under long-term contracts with suppliers, to cover a threatened 6.8-GW supply shortfall beginning two years from now.

PJM's board rejected members' choice for voluntary participation by data centers and other large loads, saying that would create an unacceptable risk of power shortages.

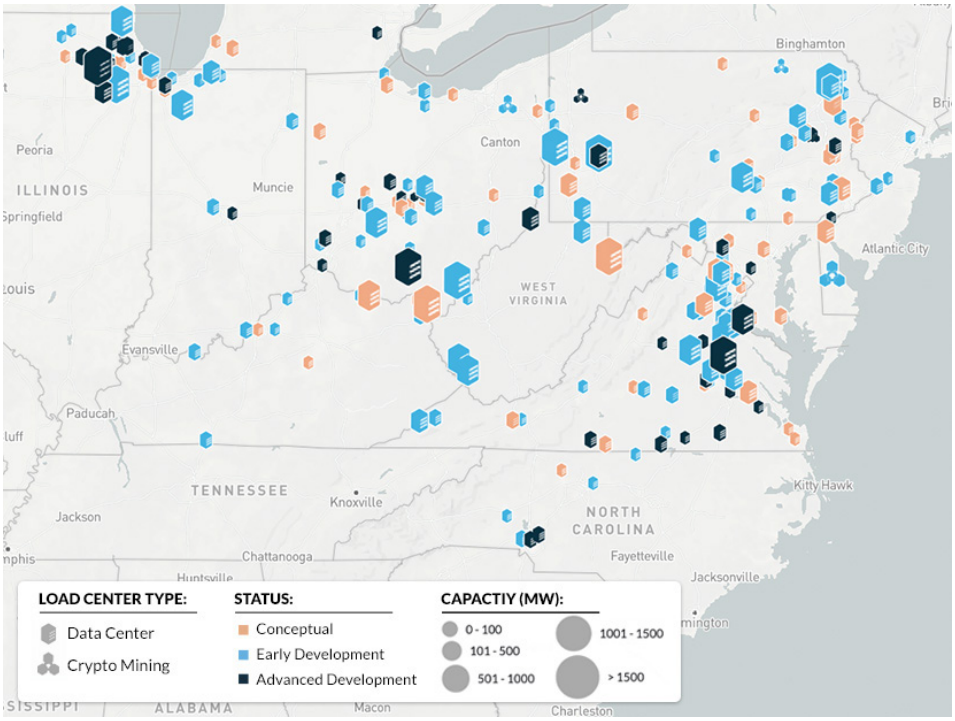
A second action requires data centers that don't have their own power supplies or adequate backup generation to be first in line if grid operators must start rotating blackouts in supply emergencies.

### Power Shift

While important in their own right, these actions by PJM's board look like an easier

### Why This Matters

FERC's recent conference on issues in PJM exemplifies how data center demand and related political pressure are influencing the commission and the ISO/RTOs it oversees, writes Peter Behr.



Potential data centers in PJM | *Yes Energy*

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bridge to cross than proposals to shift more voting power and policy leverage to the board, away from segments of the PJM membership, and a demand by PJM member states for direct participation in board decision-making. Both reforms are centerpieces in the debate over PJM governance.

Transferring voting rights to the board would challenge the financial interests of PJM's most important constituency, the system's transmission owners, said Joe Bowring, president of Monitoring Analytics, PJM's Independent Market Monitor, in a statement at the FERC conference.

If the board is to be truly independent, PJM must deal with the influence of the TOs, Bowring said.

"The transmission owners have the unique ability to leave PJM and potentially bring an end to PJM as it currently exists. That reality is well known by the PJM board and PJM staff and PJM members," Bowring said. That gives the TOs undue leverage to tilt decisions in their favor financially, he added.

As for state interests, giving PJM governors representation on the PJM board for the first time would bring political calculations into the already tangled interests of PJM members. But state officials won't settle for less, they have declared.

"The state role has to have teeth," said Jacob Finkel, Pennsylvania Gov. Josh Shapiro's deputy secretary of policy, speaking at the FERC conference. "Either the states are respected partners in this process — which they have to be — or they're not. Being a non-voting observer is just not going to do that."

A stronger state hand in managing a grid jammed with data centers is essential, PJM officials and other experts agree. If governors and state commissioners are called on to apportion data centers' rising costs fairly among consumers, they need a seat at the table.

Today, PJM's mission statement does not include requirements to serve the public interest, just the members' interests, panelists at the FERC conference said. Given the pushback against data centers around the U.S., serving the public interest needs to be in the PJM charter, these speakers said.

Can PJM's board take away voting power from members to give to state representatives without a battle that could splinter the agency? If PJM can't, can FERC order that done and make it stick?

"It's a bit of a game of chicken, sure," Silverman said.

"But … the states and FERC combined could shut down PJM and reconstitute it the next moment with a different set of governance principles. If they have the power to do that, then I think they have the power to drive more incremental reform," he added.

The political pressure on the White House and on state capitals to control the costs of the data center boom inevitably will be felt at FERC, Silverman said. "The *Slaughter* decision … means that whatever political party has the White House is going to have a lot more control over energy policy in this country.

"But every politician of every stripe and every party is mad about electricity prices right now and wants to do something. So, if there is a Democratic trifecta in 2029, the set of solutions is going to change, but the commitment to reforming PJM is going to be the same." ■

*Energy Futures columnist Peter Behr is a longtime Washington, D.C., journalist.*



# Regulators Confront AI Data Center Threats to Grid Operations

## Collision of Vital Interests Looms over the Reliability of the Nation's Power Supply

*By Peter Behr*


Peter Behr

Americans have just heard doomsday *predictions* that artificial intelligence agents, acting on their own purposes, could kill humanity in 10 years.

Meanwhile, people who run much of the nation's power grid are urgently plying human intelligence on a threat that's here and now: the risk that AI data factories reacting to relatively small grid disturbances could cause potentially fatal wide-area blackouts.

That campaign is advancing at PJM, where officials of the largest U.S. regional transmission organization detailed plans to regulate data center operations that pose the threat.

While a hypothesized AI attack on humanity would come from rogue agents trampling over human-imposed restraints, the data center hazard involves no deliberate wrong-doing, grid experts agree. And that is at the heart of the question: whether decades-old regulatory processes can protect the grid against the unpredictable and politicized power of AI.

The case in point is the much-analyzed July 22 incident when a small wire on a northern Virginia high voltage power line broke loose and shorted out an adjacent one, resulting in a voltage disturbance on Dominion Energy's system. (See *Line Fault Causes 3 GW in Data Center Load to Drop in Virginia*.)

Automatic protective controls on data centers reacted by disconnecting the centers from the surrounding grid and switching instantly to backup energy sources. Roughly 3.8 GW of power demand vanished from the grid, triggering frequency and voltage surges that flashed across the Eastern U.S. in seconds.

Blind-sided PJM operators had to move swiftly to rebalance power supply and demand across its far-spread footprint, and they succeeded.

As David Souder, executive director of PJM System Operations, told PJM planners, "This type of operation is unsustainable and needs to be addressed."

### Ride-through Requirements

The remedy being developed by PJM and other RTOs and NERC will require data centers to ride through manageable grid disturbances, not disconnect from the grid and switch to backup batteries or generators.

But the profitability of data centers and the fate of their highly leveraged AI customers is critically dependent on their "uptime" performance — their ability to deliver constant, high-quality power to run the chips that form AI's brain cells, grid experts point out. Data center operators are riveted on protecting their uptime performance by shielding their electronics from invading grid disturbances.

"When we talk about it [the July outage] with developers, they said, 'We did exactly what we we're supposed to do. We removed ourselves from the grid,'" said Alex Shattuck, director of grid transformation at Energy Systems Integration Group, a nonprofit technical support group.

A new ride-through standard will require data center operators to stop shifting their business risk to the grid, and that change in responsibility may be argued over every step of the way, one grid expert noted.

The Data Center Coalition, speaking for center owners and operators, told Texas regulators it did not oppose "reasonable and technically feasible" ride-through standards, but insisted ERCOT lacks authority to impose such standards on retail customers like the centers. The Texas Public Utility Commission approved the standards in July.

The July 22 incident revealed the new level of risk that data center operations can create, and it is the opposite of the crisis during Winter Storm Uri in 2021, which brought the Texas grid within minutes of a total, long-duration collapse.

Uri's arctic weather froze power stations and blocked gas delivery to generators, leaving the state critically short of power. To prevent the power imbalance from causing protective controls to shut down the entire ERCOT network, operators cut power off to 4.5 million customers.

This July, instead of too little power, the data center power shift pushed voltages dangerously high and there was no contingency plan for that emergency.

### Crisis of Surprises

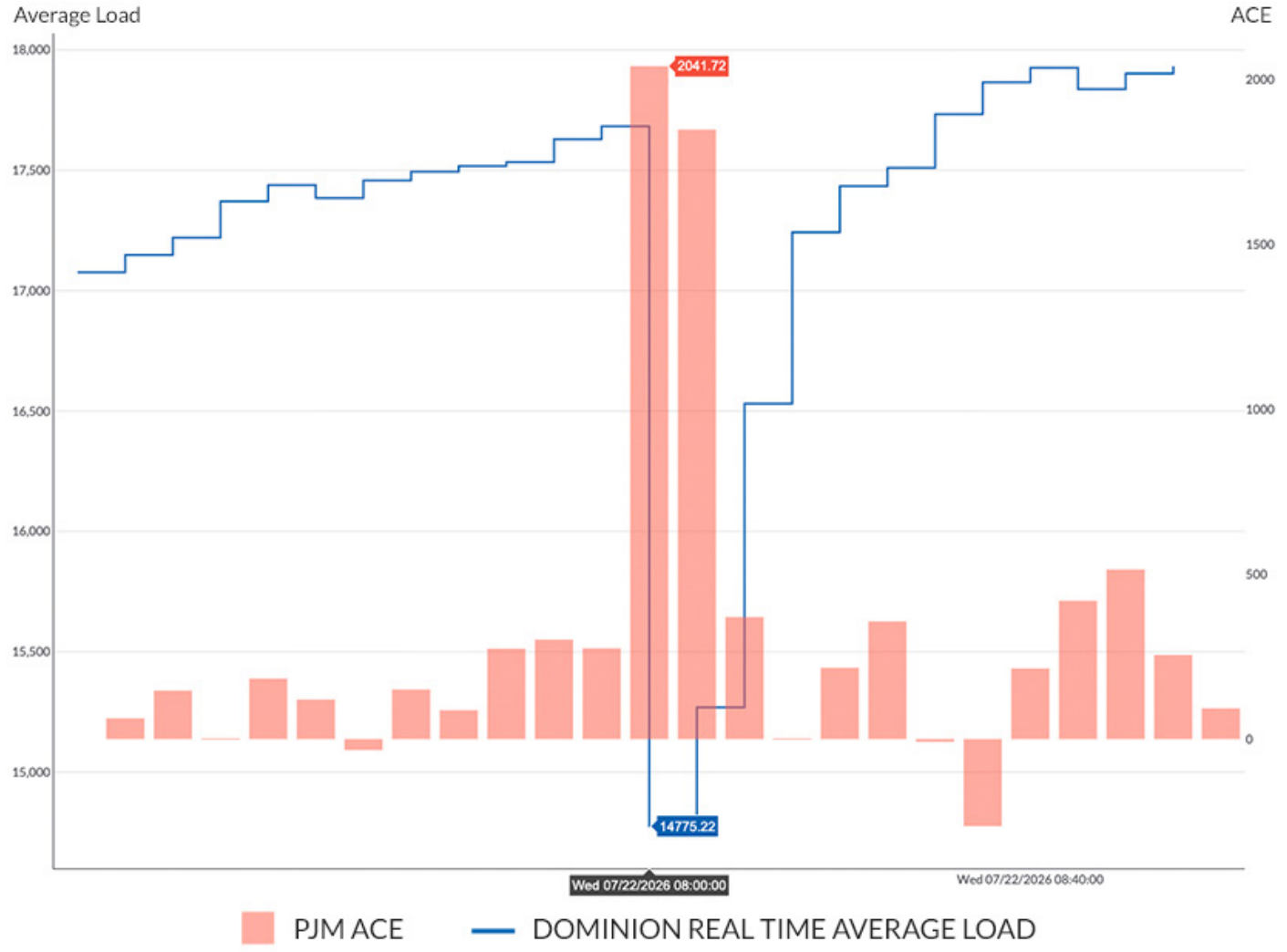
Imagine that sequence inside a fierce polar vortex winter storm, said long-time grid security executive Tim Roxey, president of consultancy Eclectic Technologies. The generation fleet already is fully committed. Units are near their limits. The grid operator is surprised by a multigigawatt loss of demand, then an unscheduled return of demand.

The operator lacks real time data on what's happening and has no authority to tell the data centers what to do. "The system has a scheme for losing 4 GW of generation and no scheme at all for getting 4 GW of load back," Roxey said.

It's a much different challenge than recovering after a nuclear plant scrams or a large transmission line goes down. Because so many data centers are built from the same equipment, with the same

### Why This Matters

Because so many data centers are built from the same equipment, with the same settings, a single flaw or a single attack can reach many of them at once, and today they sit outside the mandatory cyber rules that cover the grid itself.




PJM and Yes Energy data show that about 3 GW of load suddenly dropped off the grid July 22, leading to a spike in the RTO's area control error. | *Yes Energy*

settings, a single flaw or a single attack can reach many of them at once, and today they sit outside the mandatory cyber rules that cover the grid itself, one expert noted.

Data centers are not adequately sharing design or operating data that would inform grid control rooms what to expect or what's happening, grid officials say.

"The industry does not yet have validated models of how a data center behaves during a fault," said Tom Scaramellino, CEO of GridStrong, a consulting firm advising grid clients on regulatory compliance. "Planners still largely model them as motors. You cannot set or verify a ride-through requirement you cannot model."

FERC has ordered the six RTOs to review their rules on connecting data centers to the grid and revise them to address reliability risks. NERC will initiate a registration process by the end of 2026 to bring data centers and other large loads under federal reliability regulations.

On Sept. 15, PJM detailed its proposed rules to protect the grid from threatening data center operations. Data centers and other large loads covered by the standard must comply by Jan. 16, 2028, or a year after beginning commercial operations. However, PJM may accelerate compliance to 90 days if power reliability is at risk.

"Because this rule may impact each existing data center differently, from requiring easy fixes to complete system redesigns (potentially), we will work with existing large loads on how best to meet these standards," said PJM spokesman Jeff Shields.

"PJM is taking action in parallel but not waiting for NERC to finish their work before developing our ride-through requirements," Shields said. "We will adapt any rules we establish to comply with the NERC standard, if necessary."

But delivering on these intentions will take time, Scaramellino said. He noted in a message that NERC's proposed registration of data centers and other large loads still have to clear FERC's comment period and board vote and then get FERC approval.

FERC has called for work plans for the process to be submitted by March 2027. "NERC's own drafting team has already called ride-through technically complex. My expectation is drafting through 2027, FERC approval in 2028, an effective date in 2029, and phased compliance for existing facilities into the early 2030s," Scaramellino added.

Meanwhile, more data centers are coming even with the growing public backlash against them, and the transmission connections on old towers like the one that failed July 22 will get older. ■

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# The Mad Scramble for Turbines and Implications for the Grid

*By Peter Kelly-Detwiler*


Peter Kelly-Detwiler

A recent *article* discusses the vulnerability of the grid, focusing on the risk related to transformers. It highlighted the extreme shortages and extended lead times associated with these fully bespoke pieces of expensive equipment, commenting that the shortage of transformers is severe enough that "hyperscalers have begun paying to cut in line, ensuring that their transformers are built next."

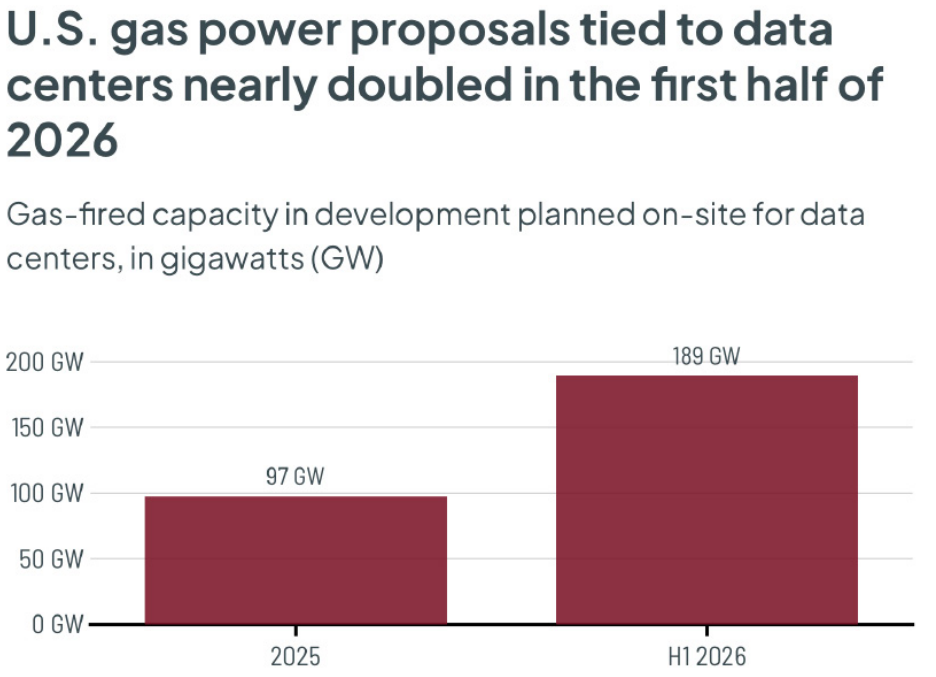
That dynamic of paying to jump the line has existed at Disney resorts for years, but the data crowd may increasingly employ that tactic as well. With opportunity costs for artificial intelligence compute like nothing we have ever seen in the electric power industry, hyperscalers have an extraordinary incentive to pay whatever they can to access power as quickly as possible.

Bloomberg New Energy Finance recently stated that a single month's revenue for a gigawatt of compute can be $1.76 billion, or $21 billion annually. That exceeds the recent estimate by the CEO of Crusoe of $1.25 billion monthly revenue for computing capacity sold as "Internet-as-a-Service," but both numbers are in the same elevated ballpark.

## If the Grid Won't Supply it, I'll Do it Myself

With interconnection queues lengthening, and spare utility capacity becoming increasingly rare, a growing number of data center companies are resorting to self-supply. The number of announced co-located data center projects with their own generation asset is growing rapidly. In fact, Global Energy Monitor reports that the capacity of on-site gas-powered projects has nearly doubled in the past six months.

Some of these announced projects are larger than anything else the grid has ever seen. Those include the massive 7.65-GW Amazon Web Services data center and a 2-GW Microsoft facility, both to be sited in Pecos County, Texas. The recently announced PORTS-Pike 10 GW facility in Ohio eventually will be grid-connected but first involves development of 9.2 GW of gas generation. Many other such projects are in the works.



Global Energy Monitor

## Where will the Generators Come From?

That brings us to the issue of turbine availability. There are three global turbine manufacturers that matter: GE Vernova, Siemens and Mitsubishi. GE Vernova, which dominates the space, noted in its Q2 earnings report that it has achieved a 20-GW production run rate, with 53 GW of turbines in backlog and an additional 63 covered by turbine slot reservation agreement (SRA).

Of that number, 20% are being ordered by data centers.

Using rough math, turbines dedicated to data centers from the three manufacturers would total somewhere around 65 GW either delivered in 2026 or to be commissioned over the next few years. That's nowhere close to the 189 GW of announced projects, though one is left wondering how many of those are aspirational.

Some data companies are dealing with this shortage of on-site generation capacity by resorting to smaller generators, such as reciprocating engines. For example, Wartsila committed 412 MW of reciprocating engines to a data center in Ohio, while 2 GW of Caterpillar engines are being used for a data center in West Virginia.

Other projects are even employing hundreds of diesel engines, at least temporarily. Alternatively, others are buying the underlying companies, as Elon Musk recently did with his $1 billion acquisition of the roughly 1 GW mobile turbine fleet operator APR Energy and Alphabet/Google did with its $4.75 billion purchase of Intersect Power.

## Grabbing Turbines Originally Intended to Support the Grid?

Another potential approach might be to buy existing gas turbines on the grid and re-direct them to supply data loads. To date, nobody has explicitly adopted this strategy, though the PJM Independent Market Monitor (IMM) recently expressed its concern in comments to FERC that this may occur in PJM.

Merchant fleet owner Hull Street Energy

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(HSE) just completed its purchase of two fast-start peaking power plants in PJM, with capacity nearing 1,270 MW. The IMM has expressed concern that HSE could dedicate those plants to data center load, potentially removing them from the PJM market.

Another possibility may be for data center developers to buy existing turbines and move them on-site. While this does not appear to have taken place yet, once again HSE activities suggest it could be a future outcome.

This spring, HSE bought the gas-fire Elwood plant in Illinois, and it is relocating six 150-MW gas turbines from Illinois to Texas, where the nearly 30-year-old turbines will generate power in the Texas market.

### Jumping the Manufacturer Order Queues? Not So Fast

What about the possibility of accessing turbines directly from the original equipment manufacturers (OEMs), by buying an SRA from another player? SRAs involve customers paying upfront deposits to reserve a place in line for turbines to be delivered in the future — as far as three to five years out.

One would think that poaching others' SRA queue positions would be an obvious resource for data centers to tap into, especially since their revenue potential could exceed those of a utility power plant by orders of magnitude. However, OEMs' standard practices typically keep that from occurring owing to strict contractual restrictions on transfer of SRAs or physical equipment to other entities without explicit permission.

In some cases, turbines are customized to perform at certain sites, so relocation to another area may require re-engineering to address site-specific issues. Consequently, there is far less liquidity in the SRA queues and secondary turbine markets than one might initially imagine.

Without such limits, we'd likely be watching a free-for-all struggle for access in secondary markets, with utilities and their ratepayers likely suffering as a consequence. Let's hope that situation doesn't change. If more turbines got pulled out of the bulk power system in favor of on-site generation for data centers, grid reliability — which already is tenuous in certain regions — would face an even greater risk than it does today. ■

### Why This Matters

If more turbines were to get pulled out of the bulk power system in favor of on-site generation for data centers, grid reliability — which already is somewhat tenuous in certain regions — would face an even greater risk than it does today.

*Around the Corner columnist Peter Kelly-Detwiler of NorthBridge Energy Partners is an industry expert in the complex interaction between power markets and evolving technologies on both sides of the meter.*



# Abbott Tightens Pause on ERCOT Data Center Interconnections

*By Tom Kleckner*

Texas Gov. Greg Abbott has further tightened his *de facto* moratorium on data center interconnections with the ERCOT grid, directing the state's environmental agency to stop issuing permits for data centers and other large loads until the grid operator completes its audit of Batch Zero interconnection applications.

In a Sept. 21 letter to the Texas Commission on Environmental Quality (TCEQ), Abbott ordered the agency to stop issuing all permits related to data center projects until ERCOT's audit is complete. No new permits will be authorized until at least December, when the grid operator expects to complete the audit.

Abbott in August instructed ERCOT to conduct a "comprehensive verification and audit" of all data centers advancing through Batch Zero, the first batch study of data centers seeking interconnection to the grid. ERCOT responded by pausing its study. (See *ERCOT Begins Batch Zero Process with 205 GW of Load*.)

On Sept. 14, Abbott ordered the Texas Water Development Board (TWDB) to gather more water-use information after an earlier, voluntary survey flopped and to partner with ERCOT on its audit. More than 70% of data centers failed to respond to the survey.

"Simply put, Texans must come first," Abbott said in a statement. "Data centers must pay their own way, protect our grid and water, and complete the ERCOT and TWDB audits. Until they do, TCEQ will issue no permits sought by data center projects."

Abbott said data center projects must cover all electrical infrastructure costs, result in lower residential electrical bills and complete the ERCOT audit. They must not use water needed by local communities and must report electricity and water usage.

Asked about the verification and audit delay during a Sept. 22 industry conference in Houston, Public Utility Commission Chair Thomas Gleeson corrected the questioner.

"The proper terminology is 'strategic pause,' not delay," he said. "I think it was right of the governor to call for this, given the uncertainty around the numbers, to make sure that everything that got into Batch Zero is a real project."

The Data Center Coalition, an industry lobbying group, said its members are complying with the audit and would work with the state "to resolve any outstanding questions … so that our industry's growth in Texas remains responsible, transparent and responsive to the communities."

ERCOT completed a conditional classification in early September of Batch Zero's 362 interconnection requests that total nearly 192 GW of load — more than double the grid operator's record peak (91.3 GW) set this summer. (See *ERCOT Completes Batch Zero Conditional Classification*.)



Gov. Greg Abbott | *Greg Abbott, Governor of Texas*

## What's Next

Abbott's latest order means that no new data center permits will be issued until at least December.

Abbot said he will work with the Texas Legislature to eliminate any financial incentives for data centers. Lawmakers will begin their 140-day biennial session on Jan. 12, 2027.

Meanwhile, the PUC approved revised large load interconnection standards during its Sept. 18 open meeting that require applicants to post $50,000/MW in financial security and pay a $100,000 study fee to the interconnecting service providers. The commission can adjust both fees every five years, beginning in 2032 (58481).

The new rule, more than a year in the making, mandates that large load customers (75 MW and above) execute a standard large load agreement, update their disclosures and pay contribution in aid of construction for direct interconnection costs. It also lays out the consequences of withdrawing all or a portion of requested peak demand or contracted peak demand and for providing false or inaccurate information.

"I think this is a tremendous work product, and it really will help position us to do the kind of things that we know we need to do for the grid, as well as to be able to accommodate the large amount of load that's coming," Commissioner Kathleen Jackson said.

Large industrial projects must demonstrate they control the project sites in another effort to weed out speculators. Staff said the rule allows for "one-off situations" that deviate from the rule and could be addressed through a contested case proceeding or a good-cause exception. ■

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# PJM Stakeholders Present Terms of Governance Changes

*By Devin Leith-Yessian*

PJM, several consumer advocates and a coalition of members presented the Members Committee with term sheets Sept. 24 laying out how to rework the RTO's governance and stakeholder process.

The terms would be advanced to the ongoing FERC mediation process focused on the effectiveness of PJM decision-making (AD26-7). (See *FERC Technical Conference Comments Delve into PJM Governance*.)

The proposals would expand PJM's ability to file Federal Power Act Section 205 filings and grant its membership and states "jump ball" rights to make alternative filings, albeit under differing circumstances. They would also add a requirement that PJM act in the "public interest" to its Operating Agreement, eliminate affiliate voting and streamline the committee structure.

The MC will vote on the term sheets during a special session Sept. 30.

As the members consider how they will vote, PJM CEO David Mills recommended they ask whether the packages meet the spirit of what the commission asked for and whether the case law and courts will align with their assumptions. Some of them assume the commission has great power over RTO governance, while others assume it has little to none. He expressed concern that over- or underestimating the commission's power could open a pandora's box in the form of a proceeding into whether PJM's governance is just and reasonable.

PJM brought two term sheets to the MC meeting that largely mirror each other, with some open-ended elements in the first proposal accounting for areas still under discussion in the mediation process. Both would grant the RTO Section 205 filing rights over the energy and ancillary service (EAS) markets and the regional planning protocols. The membership would hold "jump ball" rights to file an alternative to PJM's proposal, but members would not be able to require PJM to make a filing or advance a Section 205 filing in the absence of its own proposal.

The states and D.C. would hold jump-ball filing rights over resource adequacy, allowing the Organization of PJM States Inc. (OPSI) to request PJM make a Section 205 filing. At least eight member states would need to vote in support of the proposal, with two-thirds or more of the load in the footprint represented. The proposal would also need a problem statement and issue charge approved by the membership, which would share jump-ball rights over resource adequacy. The states would be required to execute a memorandum of understanding outlining the reliability and resource adequacy responsibilities shared between the states and PJM before the jump-ball rights would be activated.

The first term sheet includes a paragraph stating "there is an ongoing issue being considered related to the voting dynamics for both the OPSI and member jump-ball opportunities."

The terms brought by the members coalition would only allow an OPSI jump-ball proposal to advance to a filing if it is supported by a two-thirds, sector-weighted majority of the MC, a condition criticized by several state representatives during the meeting.

OPSI Executive Director Ben Sloan said the jump ball is important not because it would be used, but because it would lead to better conversations and promote more durable solutions over the long term. Resource adequacy is an area the states have regulated for a century, and members should not be able to veto consensus state positions PJM has voluntarily agreed to file, he said.

Jacob Finkel, deputy secretary of policy for Pennsylvania Gov. Josh Shapiro, said the proposal represents a power grab by the membership, with each change relative to PJM's terms increasing the power of the members at the expense of the RTO and the states. The commission's charge in establishing the mediation process was to increase PJM's independence, but the membership has profoundly and possibly irrevocably damaged its relationship with the states, he said. And "we're profoundly and maybe irrevocably dismayed in this proposal," he said.



PJM CEO David Mills | © RTO Insider

Both the member coalition and consumer advocate proposals would grant PJM Section 205 filing rights over the EAS markets and regional planning, with jump-ball rights for the membership. The advocate proposal includes jump-ball rights for the membership when PJM makes transmission-related filings, whereas the members coalition does not include a jump ball in that area — though PJM would be required to receive two-thirds sector-weighted support before making a filing.

The consumer advocates also included Attachment M-3 of the tariff — which governs supplemental transmission planning — in the list of areas PJM would have Section 205 filing rights over.

Delaware Public Advocate Jameson Tweedie said if PJM's filing rights over planning are to be expanded, that should include supplemental projects, which have become an increasing area of focus for the advocates as transmission costs have steadily grown.

While more efficiency could be found by expanding PJM's filing rights, he said that should not come at the expense of concentrating authority. That can be mitigated by adding transparency to the stakeholder process, board nominations and transmission planning.

The consumer advocate proposal would create an independent body with oversight over "transmission planning, cost allocation and project approval."

## What's Next

The MC will vote on the term sheets during a special session Sept. 30.

The PJM and member coalition proposals would allow PJM to opt out of submitting a jump-ball filing if it determines it would "substantially compromise the safety or reliability of the bulk electric system." The consumer advocates did not include that option in their proposal.

### Increased Role for States

PJM's term sheets would increase funding for OPSI to allow it to be reorganized to incorporate state executive branches, which have formed the PJM Governor's Collaborative, and allow it to be more engaged in the stakeholder process.

The organization would be permitted to bring new proposals related to resource adequacy, and the limit that only one consumer advocate from each state holds voting privileges would be removed.

The advocate proposal would also allow more than one statutory consumer advocate to be voting PJM members, while the member coalition did not adopt the element.

PJM's second term sheet would add two state appointees to the Nominating Committee, which selects candidates to be considered for the Board of Managers, as well as an "additional independent appointee, for which the method of selection will be determined at a later date." The RTO said it is unable to elaborate on the additional appointee, including who it would be independent from, due to the confidentiality of the mediation process.

The RTO's first term sheet says it supports states having a seat on the NC and that there is "an ongoing issue being considered related to the number of state appointees."

The member coalition terms would allow for a state appointee to the NC, with the change subject to a MC vote, and says that NC members must follow PJM's committee Master Charter. The consumer advocate terms would add three state appointees.

The consumer advocate proposal would add a sixth member sector for statutory consumer advocates, which are currently grouped into the end-use customer sector.

NRDC Senior Advocate Tom Rutigliano said PJM has much less of a role for public interest organizations than many RTOs and questioned whether any of the term sheets would create a greater ability for them to participate. He added that several organizations registered to participate in the mediation, but were not invited.

Greg Poulos, executive director of the Consumer Advocates of the PJM States, said the new sector could also include some public interest organizations.

PJM Executive Vice President of Governmental and Member Services Asim Haque said the RTO is interested in feedback about creating more involvement for public interest organizations, but time is limited before the mediation is set to end. He noted the requirement for PJM to act in the public interest is included in each term sheet, and some organizations were included in the mediation distribution list.

Independent Market Monitor Joe Bowring argued that making the public interest the primary objective is an essential core change and requires a binding definition.

"Without that change the other proposed changes are window dressing," he said. ■



# FERC Conditionally Approves PJM Backstop Procurement, Delays Implementation

*By Devin Leith-Yessian*

FERC approved the bulk of PJM's Reliability Backstop Procurement (RBP) but suspended its implementation for five months while it investigates whether several aspects fall short of being just and reasonable (ER26-3380). (See *PJM to Create Large Load Registry, Proposes to Hold Backstop Auction in October*.)

The commission also initiated an investigation of whether PJM's existing backstop auction is insufficient enough to leave the tariff unjust and unreasonable, noting it requires three consecutive capacity auctions to fall short of the target reserve margin and still requires PJM to make a FERC filing before it can administer an auction (EL26-108). The finding would open the door to the commission transforming PJM's RBP proposal from a Federal Power Act Section 205 submission into a Section 206 proceeding, which would empower it to require PJM to make specific changes.

"We preliminarily find that PJM's existing tariff may be unjust and unreasonable because the existing reliability backstop provisions appear to be insufficient to prevent the grave resource adequacy concerns that led PJM to file the instant proposal in the first place, the commission wrote in the Sept. 29 order. "We think it clear that PJM's ordinary instrument for procuring sufficient capacity to meet PJM's reliability requirement, the [Reliability Pricing Model], has failed to keep pace with the unprecedented influx of large load into the PJM region in recent years."

The five-month suspension gives time for a paper hearing focused on elements of the proposal's cost allocation, exit rules for transmission owners seeking to leave PJM and the collateral requirements for load-serving entities. PJM intended to open the procurement window Sept. 30. The suspension pushes the implementation date back to Feb. 28. Laying out the timeline for commenting on the hearing, the commission wrote any requests for deadline extensions will be looked on "with great disfavor."

Throughout the order, FERC encouraged PJM to submit a new Section 205 filing within 30 days addressing the issues the commission raised, stating it would hold the paper hearing in abeyance while the new proposal is considered.

Chair Laura Swett faulted PJM for filing the proposal on such a tight time frame, which left no opportunity for deficiency letters without disrupting the implementation date.

"American ratepayers and utilities need urgency, clarity, and discipline — none of which PJM appears capable of delivering at this time. The Reliability Backstop Procurement proposal came before us on the *last* possible statutory day to open a procurement window on Sept. 30. Whether by accident or incompetence, that timing left the commission no meaningful opportunity to issue a deficiency letter, seek additional record development or establish hearing procedures to attempt to rehabilitate the mess we received," Swett wrote in her concurrence with the order.

The order states the load adjustment process PJM proposed to allocate RBP obligation and costs to LSEs would not capture forecast or actual large load growth, which could lead to some LSEs being assigned costs that don't align with the benefits they receive from the procurement.

The amount of RBP load an LSE would be assigned would be determined by multiplying the initial RBP target by each LSE's share of the load adjustment, with both values being based on different load forecasts. PJM argued such a "snapshot" approach would provide certainty around what each LSE will assigned.

The commission wrote that a better approach could be to base the load adjustment on the difference between each LSE's actual load in the 2026/27 delivery year and the latest load forecast for the 2028/29 delivery year.

The commission also determined an opt-out for cooperatives and municipal utilities that are not state regulated may be discriminatory, because they serve large loads that are similarly situated to those served by other utilities. The provision was intended to address instances in which a utility not regulated by a state lacks the ratemaking capability to assign RBP costs to large loads.

"We recognize that the rapid emergence of large loads presents a shared regulatory challenge that implicates both federal and state authority. … Our partners in the states are more than capable of ensuring that these promises reach fruition. While we appreciate and take seriously the issues that PJM's RBP proposal is designed to address, as well as the concerns surrounding the unprecedented influx of large loads more broadly, having only such powers as are given to us by Congress, we will not pretend that all of these issues can be solved exclusively by market design in the federal sphere," the order states.

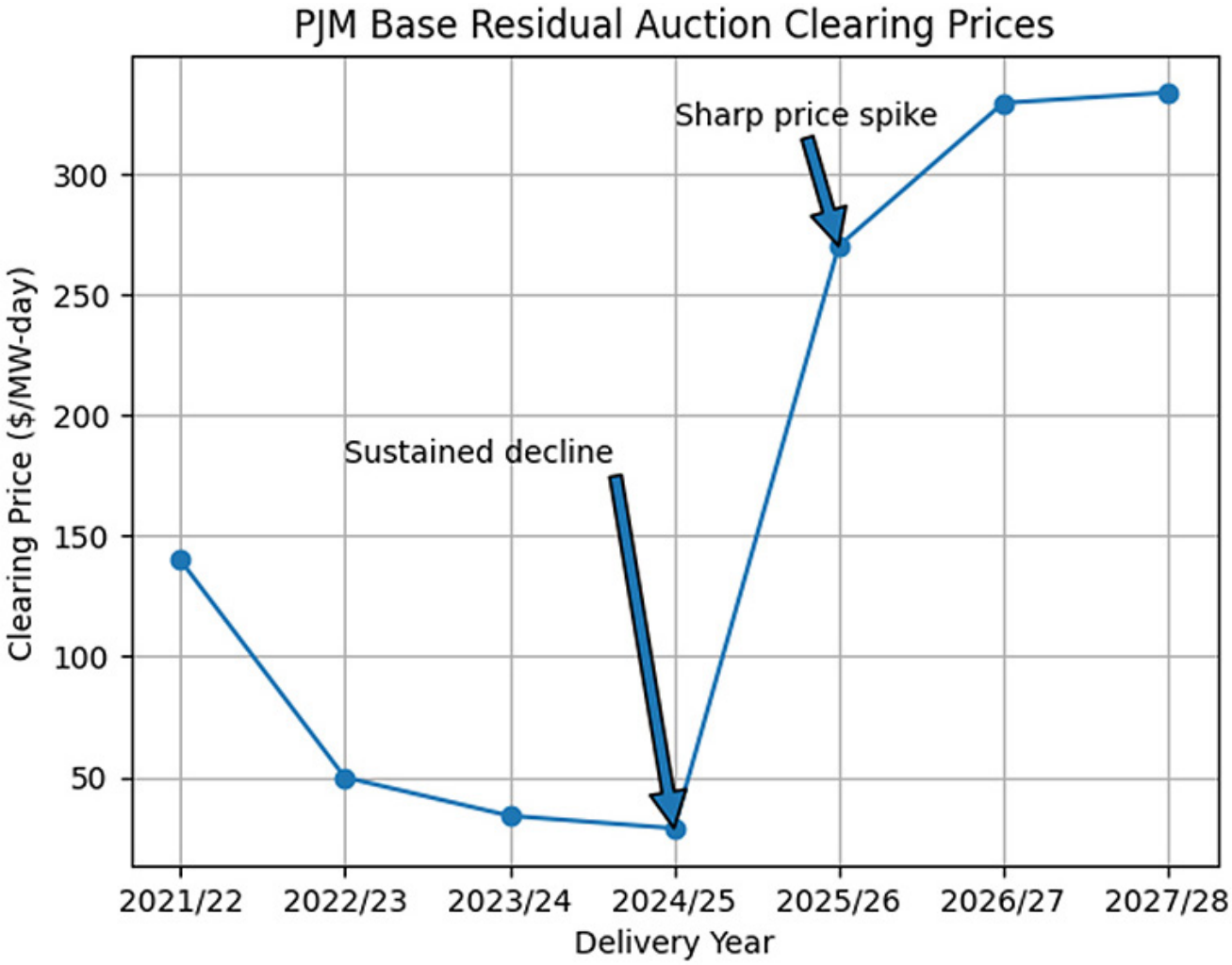
The commission wrote that PJM had not shown its collateral requirements for LSEs assigned RBP costs properly balance protecting PJM's markets against possible defaults against the need for flexibility to manage the collateral requirements. PJM proposed to require 50% of the estimated contract value of the RBP commitments to be collateralized, which amounts to an initial credit rate of $1.5 million per megawatt of RBP obligation assigned. In addition to the amount of collateral PJM sought, the commission wrote the proposal would accept few forms of collateral — letters of credit and cash — and leave a short timeline of 45 days for posting it.

Some utilities protested that the amount

## What's Next

FERC encouraged PJM to submit a new Section 205 filing within 30 days addressing the issues the commission raised, stating it would hold the paper hearing in abeyance while the new proposal is considered.

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Sustained high PJM Base Residual Auction results led to the proposed backstop procurement. | *PJM*

of collateral they would be expected to provide would be excessive, with Northern Virginia Electric Cooperative (NOVEC) estimating it would be expected to post $1.95 billion.

PJM argued that significant amounts of collateral are needed to ensure defaults do not lead to LSE obligations being shunted to default service providers, which would increase the risk to ratepayers in violation of the Ratepayer Protection Pledge signed by the White House and several tech companies and utilities.

Responding to NOVEC, PJM wrote the RBP is necessary because of utilities signing up customers with significant amounts of new load, adding that NOVEC's load has grown from 1,204 MW in 2019 to 2,368 MW in 2025 and is expected to reach around 6,350 MW in 2028. It stated NOVEC testified before the Virginia State Corporation Commission that it has strict collateral requirements for large loads, which PJM suggested could be used to meet the credit requirements.

The order scrutinized PJM's proposal to require transmission owners seeking to leave PJM before RBP commitments sunset in the 2042/43 delivery year to ensure the remainder of any commitments in its territory are satisfied, stating LSEs could be directly required to continue to meet their obligations even when they are within a transmission owner region leaving PJM.

The commission wrote it previously found LSEs can be charged for capacity even when they are leaving an RTO, so it is unclear why transmission owners would be expected to assume their responsibilities — a possibility that may violate the cost causation principle.

## Rosner, See and LaCerte Concur

Commissioner David Rosner wrote the proposal is an "imperfect solution" which nonetheless could allow PJM to act swiftly to bring on needed generation, if the RTO incorporates the order's guidance. The long-term cure to the reliability challenges PJM faces is market fundamentals rather than "ad hoc backstops," and incentives being created for load and supply to hedge their own risk.

Commissioner Lindsay See concurred that while the RBP is critical to bringing the resources needed to serve large loads, it fails to ensure costs will not be passed on to ratepayers who did not create the need. In addition to the RBP, more accurate load forecasting is needed to ensure PJM understands which generation and infrastructure is needed and who should be assigned the costs.

Commissioner David LaCerte stressed that a solution is needed quickly to advance large load integration and protect ratepayers from being left with the costs. "A competent and effective RTO can take this half-baked cake and finish the job. Does PJM meet that description? They're on the clock." ■

# Google, Constellation Sign PPAs Totaling 3,590 MW

## 11 Nuclear Uprates Would Cost $4.3B, Add 890 MW to PJM Grid

*By John Cropley*

Google and Constellation Energy have reached power purchase agreements for 890 MW from nuclear uprates and 2,700 MW from existing power generation on the PJM grid.

The 20-year nuclear PPA entails an investment of more than $4.3 billion for upgrades to 11 reactors in Illinois, New Jersey and Pennsylvania expected to come online from 2028 to 2032.

The larger PPA extends 15 years for the output of a mix of generation technologies.

Both deals will give Constellation revenue certainty to make new investments.

Google and Constellation said Oct. 6 the agreements align with PJM's Bring Your Own Power proposal and the White House Ratepayer Protection Pledge.

They called it a new standard for collaboration by the tech and energy sectors, as well as a practical model for how to expand power supply "without state and federal mandates" and without passing the costs to residential customers.

"This long-term clean energy collaboration with Google can serve as a model for how technology companies and the energy industry can work together to responsibly develop the digital economy and invest in our nation's energy infrastructure in a way that delivers gridwide benefits for all, funded by private entities," Constellation CEO Joe Dominguez said.

Also Oct. 6, the two companies said:

- Constellation will work with Google Cloud and Gemini Enterprise to optimize power operations through artificial intelligence in three initial focus areas: speed to power, generator optimization and critical infrastructure protection.
- The nuclear uprates would provide nearly the capacity of a large conventional nuclear reactor or several small modular reactors without the lengthy construction timelines or interconnection delays new construction could encounter.
- They have agreed on a framework to explore new clean energy generation, storage and demand response opportunities across the United States, with prioritization of near-term efforts in PJM.
- The agreement incorporates load-shaping and demand-response capabilities to curtail non-critical power consumption during high-stress grid events.



Constellation Energy's Limerick Clean Energy Center's output capacity will be increased as part of an agreement with Google. | *Constellation Energy*

This last point has been a topic of interest. Dominguez and many others have said the grid does not have a capacity problem; it has a peak-capacity problem.

With demand flexibility, proponents say, the grid could handle dozens of gigawatts of new load without the cost and delay of extensive upgrades.

But the potential power demand of new data centers stretches into the hundreds of gigawatts, and it remains to be seen just how flexible their operators are willing or able to be. (See *How Much Flexible AI Compute Can the Grid Actually Count On*?)

The new Google-Constellation agreement covers both ends of the equation: greater generation capacity and greater demand flexibility.

"We're committed to meeting our growth responsibly by actively investing in clean, reliable power that brings new capacity to our nation's grids," said Amanda Peterson Corio, global head of energy and power at Google. "Our agreement with Constellation to fund nuclear reactor uprates will strengthen the PJM grid."

Google previously announced agreements in Georgia, Iowa and Tennessee that total more than 1.5 GW of new nuclear capacity.

Constellation, meanwhile, has announced nuclear PPAs with Amazon, Microsoft and Walmart. ■

### Why This Matters

The agreements go beyond power purchases to include innovation and expansion.

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# EDAM, Markets+ Debate Needs More Time, Kavulla Says

## BPA Chief Outlines Reasoning for Opening Door to EDAM in Interview

*By Henrik Nilsson*

Just over two months into his new job, BPA Administrator Travis Kavulla upended the day-ahead market debate in the West by opening the door to reversing the agency's commitment to SPP's Markets+ and instead exploring whether to join CAISO's Extended Day-Ahead Market.

"As the new person here, I am just trying to make a hard-nosed business judgment about what is best for the region and suitable to Bonneville's history over the long-time horizon," Kavulla said in an interview Sept. 3. "I realize I'm new to this role, but I've been following the governance of the Western energy markets for the better part of two decades, and so I am not naive … of the fact that these things are hard."

Kavulla spoke with *RTO Insider* shortly after publishing a letter in which he outlined the conditions for BPA to reconsider its commitment to Markets+ and instead seek to join EDAM. (See *Kavulla Signals BPA Leaning to EDAM if Independence is Ensured*.)

"The reality is that Markets+ in its current configuration is probably approximately half the size of the alternative market, and that has necessary implications for the depth and liquidity of markets," Kavulla said. "In general, the larger the market, the more investable the markets are, the better it is for consumers. Though there's a big asterisk on that as it pertains to the particularized design of the market, which are topics that the letter flags."



Travis Kavulla, BPA administrator. | *BPA*

Ensuring EDAM is governed without undue influence from California and resolving market seams were some of Kavulla's main concerns.

Before Kavulla was sworn in June 29, BPA downplayed concerns over seams and expressed confidence they could be handled efficiently. But Kavulla appeared more skeptical, saying "I think I disagree with the level of comfort that has been expressed by some about seams." (See *'Islanded' BAs Face Tough Choices in Western Market Future, Experts Say*.)

He pointed to seams in the East, noting agreements in the region have taken a long time to establish and are still plagued by inefficiencies. (See *Experts Weigh in on Eastern Lessons as CAISO Launches Market Seams Effort*.)

Those RTO-to-RTO agreements are "not comparable to the kind of crazy multivarious quilt of balancing authorities and transmission owners that we have in the West, which even in a future market design are not going to be consolidated around a single balancing area and operated in a seam through a singular RTO. That just does not seem to be in the cards," Kavulla said.

He clarified that though a seamless and larger market is ideal, ensuring there is trust in the governance of the market is crucial.

One factor that has changed since BPA announced in 2025 that it would pursue participation in Markets+ is the creation of the Regional Organization for Western Energy (ROWE). Enabled by the California legislature, ROWE is designed by the West-Wide Governance Pathways Initiative to provide independent multistate governance over CAISO's energy markets.

Markets+ supporters have said Pathways' efforts do not go far enough to ensure EDAM's independence from California. When asked about how he plans to navigate the politics around day-ahead markets, Kavulla said he "would feel negligent in my duties if I did not consider the new situation as it existed on the ground."

### Notable Quote

"If I'm faced with a choice between moving forward to create a fragmented market that we're going to have to live with indefinitely versus an alternative where we might secure successes in governance that people have long sought after while keeping a more unified market, that's a conversation worth spending a few more months on.'

*— BPA Administrator Travis Kavulla*

BPA's last formal action with respect to day-ahead markets was made before ROWE took steps toward addressing EDAM's governance issue, Kavulla said.

"If I'm faced with a choice between moving forward to create a fragmented market that we're going to have to live with indefinitely versus an alternative where we might secure successes in governance that people have long sought after while keeping a more unified market; that's a conversation worth spending a few more months on," he said.

He said BPA, as a hydro seller in a centralized market option, whether it's Markets+ or EDAM, should "possess some of the same prerogatives to offer our units at a price that we think reflects the characteristics and opportunity costs of flexible resources, which can hold their energy back for sale in future periods."

"This has been a much-discussed feature of electricity market design in recent years because of the emergence of energy storage, but the OG was hydroelectric power in terms of this topic of electricity market policy debate. And it's highly relevant here," Kavulla said.

### Markets+ Strengths

As Kavulla weighs BPA's options, he said

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EDAM could benefit from adopting some of Markets+'s market designs. He pointed to the process of sectoral-based stakeholder voting that can initiate major rule changes and adopt them as recommendations for the board.

He highlighted Markets+'s resource adequacy requirements.

BPA wants to ensure its customers have the right to buy whatever they need from the agency while encouraging them to invest in their own generation for incremental needs, Kavulla noted.

"That policy of liberalized supply options is really important to us and really important to our customers. But it also necessitates a resource adequacy framework atop it in order to make sure everyone is held to consistent standards to produce investment for a reliable grid," he said.

He noted that Markets+ has a resource adequacy planning standard enabled under the Western Resource Adequacy Program (WRAP), saying "I think we can continue to be members of WRAP and port over that program or something like it to our participation even in an alternative market."

## Public Power Concerns

In a recent op-ed in *RTO Insider*, the Public Power Council and Tacoma Power said Kavulla's review of day-ahead markets had "unfolded with little transparency" and with a lackluster public process. (See *For BPA, the Biggest Electricity Market May Not be the Best Market*.)

Responding to the criticism, Kavulla said he has met with "countless members of the public power community" who have voiced their concerns.

"When I came into office 9.5 weeks ago, I was greeted by a mountainous record that had been assembled through public process that already exists in this proceeding," Kavulla said. "The facts of the landscape are in large measure fixed," he added.

The agency expects to issue a draft Record of Decision in December on whether to join Markets+ or EDAM or adopt a different approach altogether. A comment period would follow, with a final decision likely in January 2027.

Though markets have occupied much of Kavulla's time since he assumed office, the issue is not the most singularly "important thing that Bonneville is doing," he said.

"I'll put it this way: Markets are the software that runs some of the hardware on our system," Kavulla explained. "And frankly, the state of investment and the speed to which we are deploying hardware is probably actually more important than the markets question, the software question."

He added that the agency would have more to say soon on efforts to speed up deployment of transmission infrastructure.

"I would be remiss if I didn't acknowledge all of the hard work that people have put into Markets+, and this is not to minimize all of that at all," Kavulla said about his letter. "Again, their work is what has created this optionality in the first place. I know that when people spend a long time and a lot of hours on something, a decision to move away from that potentially is an emotional one." ■

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# Ariz. Commissioner Stands Firm on Markets+ Support

*By Elaine Goodman*

Arizona Corporation Commission Chair Nick Myers is firing back at speculation that Arizona is wavering in its choice to join SPP's Markets+ rather than CAISO's Extended Day-Ahead Market.

Myers filed a five-page letter Oct. 5 outlining reasons why he thinks Arizona utilities' decision to join SPP's day-ahead market is a good one. Arizona Public Service, Salt River Project, Tucson Electric Power and Unisource Energy Services announced in November 2024 their plans to join Markets+. (See *4 Arizona Utilities Commit to Joining Markets+*.)

Myers' letter was prompted by letters Commissioner Lea Marquez Peterson sent to state utilities Sept. 23, asking for updated analysis on their choice of day-ahead market. Marquez Peterson wants utilities to compare the benefits and impacts of participation in different regional markets. (See *Ariz. Utilities' Day-ahead Market Choices Face Fresh Scrutiny*.)

"The letter has been read across the West as a signal that Arizona's commitment to Markets+ is wavering," said Myers, who was closely involved in the market's development. "It is not."

The discussion comes after Bonneville Power Administration Administrator Travis Kavulla indicated in a Sept. 3 letter to the Regional Organization for Western Energy that the agency planned to review its previous record of decision to join Markets+ rather than EDAM. (See *Kavulla Signals BPA Leaning to EDAM if Independence is Ensured*.)

Marquez Peterson told RTO Insider "that wasn't the main factor" behind her letters, although she did ask utilities to estimate the financial impact if BPA is in Markets+ versus EDAM.



Arizona Corporation Commission Chair Nick Myers | *Arizona Corporation Commission*

Myers said BPA has been "a valuable partner" in developing Markets+ and its resources complement Arizona's summer-peaking system. But Markets+ will benefit Arizona entities even without BPA's participation, Myers said, referencing production cost modeling.

"Arizona's [market] decision does not hinge on any single participant," Myers wrote.

Day-ahead market governance remains an issue for Myers, even though ROWE is moving closer to taking over EDAM governance.

Under California Assembly Bill 825 of 2025, ROWE may start governing CAISO markets in 2028. In its most recent sign of progress, ROWE named its first board of directors in September. (See *ROWE Appoints Inaugural Board of Directors*.)

"The independent organization sets market rules, but the entity that runs the market every day is still a creature of California law with a board appointed by California's governor," he wrote. SPP will run Markets+ without serving as a balancing authority, he added.

He said there had been times in CAISO's Western Energy Imbalance Market when "the requests and concerns of participating entities outside California were set aside in favor of outcomes that served the California footprint." Myers wasn't immediately available to provide specifics.

Although market seams are an issue with a two-market footprint in the West, "seams are nothing new," wrote Myers, who said utilities manage interfaces every day.

"Two well-coordinated Western markets, each accountable to their own participants, is a stronger outcome for Arizona than a single market whose governance remains tied to one state," Myers said.

Myers raised some of the same issues in a March guest column in RTO Insider. (See *California's Anxiety is not About Seams; It's About Control*.)

Marquez Peterson asked the utilities to file responses to her letters by Oct. 9. Myers said he expects the utilities will point to information they already have filed in support of their Markets+ choice. ■

## Why This Matters

Myers' letter is intended to tamp down speculation on Arizona utilities' choice of day-ahead market and preserve the state's credibility with partners.

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# PGE Says EDAM Entry Brings 'Huge Expansion' of Opportunities

*By Henrik Nilsson*

Portland General Electric said its entry into CAISO's Extended Day-Ahead Market on Oct. 1 went down without any hiccups and it is now focused on reaping the benefits from the market.

PGE joined EDAM as its second participant after the market went live May 1 with PacifiCorp. A CAISO *report* presented to the Western Energy Markets Governing Body found that EDAM generated approximately $11 million in benefits in its first two months of operations, and PGE hopes to get about $14 million in benefits in 2027, Pam Sporborg, the utility's director of transmission and market services, told *RTO Insider* in an interview.

"After one day, I think we still have some work to do to see exactly where the savings will come from," Sporborg said. "We're slowly allowing more transfers, so we're stepping into the market and allowing more things to open up. But so far, the market is functioning as expected and producing results that are consistent with regional fundamentals."

EDAM sits on the platform of the real-time Western Energy Imbalance Market.

Real-time dispatch under EIM touches between 3% and 5% of energy transactions. By contrast, EDAM allows up to 90% of the energy serving PGE customers to be optimized through the market because entities have more time to find "optimal" solutions, Sporborg said.

That is a "huge expansion" of PGE's ability to leverage the market footprint, transmission connectivity and diversity of resources "to really help lower our cost for customers and align enhanced affordability through that bigger optimization opportunity," she said.



| PGE

But some issues persist. CAISO has experienced problems related to bid-cost recovery processes for battery storage resources and dispatchable demand resources under EDAM. (See *PGE Hours Away from EDAM Entry as CAISO Addresses Kinks*.)

Some reliability capacity awards in EDAM have been dished out at negative prices due to several factors, including software and market price formation issues, CAISO staff said Sept. 28.

Along with these challenges, CAISO's Department of Market Monitoring in May recommended the ISO replace EDAM's new congestion revenue allocation design as quickly as possible, warning the approach could cause "significant market disruption and dysfunction" by incentivizing self-scheduling.

When asked about those concerns, Sporborg called the items "market enhancements." She said EDAM provides benefits to customers and reliability enhancements, which "are the core of the value proposition of EDAM."

"Like any market, we have opportunities to improve it and make it better," Sporborg said. She pointed to opportunities to gather more operational data to improve on market enhancements, like congestion revenue allocation.

PGE closely coordinated with PacifiCorp before joining EDAM, and PacifiCorp's work on integration and market testing allowed PGE to seamlessly enter the market, according to Sporborg. (See *'Not a Hypothesis:' EDAM Operations Begin After 'Very Successful' Tie-in with PacifiCorp*.)

"One of the areas that was particularly important for PGE was to get settlements right," she said. "So we spent a lot of time, particularly over the summer, working closely with CAISO and our vendors to advance the settlements functionality and to make sure that it was going to be ready for us this year and get it ready to go."

## Why This Matters

PGE is the first entrant into EDAM since it opened in May, and stakeholders hope the addition of the utility will bring additional resources and reliability benefits to participants.

Coordination is key to a successful transition, according to Sporborg.

"PGE is happy to share knowledge, PacifiCorp is happy to share knowledge," Sporborg said. "Collaborating together and really focusing on getting your test environments correct and putting a lot of effort into connectivity testing all the way through the parallel operations is the best path towards a surprise-free go live."

CAISO is preparing to hand over governance of its markets to the Regional Organization for Western Energy in 2028. ROWE is the product of the West-Wide Governance Pathways Initiative's Launch Committee, which Sporborg co-chaired. (See *ROWE Appoints Inaugural Board of Directors*.)

"We are excited to see the EDAM footprint expand with Portland's participation starting today," Kathleen Staks, ROWE's interim president and the other Pathways Launch Committee co-chair, said in an email. "Seeing the EDAM results for PacifiCorp so far, the on-time onboarding of Portland, and the recent commitments from BHE Montana and NVE all create strong momentum and a foundation for the ROWE to build on as the board gets started on its work."

In a statement, CAISO CEO Elliot Mainzer said, "PGE's participation reflects the growing momentum behind regional market collaboration in the West."

"The addition of PGE expands resource diversity and strengthens the market's ability to deliver economic and reliability benefits to participants and their customers," Mainzer added. ■

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# Key Senators Present Bipartisan Permitting Reform Proposal

## Amendment Process, Midterm Elections, Negotiations with Trump Make Prospects Unclear

*By John Cropley*

Top Republicans and Democrats on two key U.S. Senate committees have reached agreement on an energy permitting reform bill.

Among other things, the far-reaching proposal would expand FERC siting authority, allow review processes to proceed in parallel, mandate use of grid-enhancing technologies, limit the time frame for certain reviews and require that distributed generation resources and virtual power plants be allowed to participate in wholesale markets.

The proposal also places transmission cost burdens on data center projects that necessitate grid expansion.

The Bipartisan American Affordability and Jobs Act is far from its final form: Other senators and members of the House of Representatives will offer amendments; there is progress but no agreement with the White House on key sticking points; political dynamics could shift in the midterm elections; and time is short — Congress has few scheduled days left in this session, and pending legislation does not roll over into the next session.

But Sens. Mike Lee (R-Utah) and Martin Heinrich (D-N.M.), chair and ranking member of Committee on Energy and Natural Resources, and Sens. Shelley Moore Capito (R-W.Va.) and Sheldon Whitehouse (D-R.I.), chair and ranking member of the Committee on Environmental and Public Works, are optimistic the framework is solid.

They said during a Sept. 30 news conference they have been working across parties and in both chambers as well as with the Trump administration to build a proposal that can be voted into law.

The need for change is pressing, they said, given the increasing amount of energy America needs.

Heinrich cited the SunZia wind and transmission project — 17 years in the making — as a poster child for a system that does not work well.

### Why This Matters

The long-awaited proposal is a bipartisan step toward a streamlining that most observers say is sorely needed.

### The Details

The full text of the proposal stretches 417 pages.

A summary highlights the following proposed actions:

- strengthening FERC backstop siting authority on major interstate power line proposals;
- allowing transmission applications to be processed simultaneously with state reviews;
- requiring regional and interregional transmission planning that accounts for where new transmission is needed and where future demand is predicted;
- requiring grid-enhancing technologies and automated systems to make better use of the existing grid and speed up interconnection;
- requiring wholesale electric markets to allow distributed generation sources and virtual power plants to participate;
- requiring the Bureau of Land Management to complete geothermal drilling permits and authorizations in 60 days;
- requiring data centers to pay for all associated transmission costs rather than relying on a voluntary structure;
- prohibiting any administration from delaying or blocking permitting of an entire class of energy projects, such as solar or wind;
- setting clear deadlines for environmental reviews, including a two-year limit on environmental impact statement reviews and one-year limit on environmental assessment reviews;
- establishing a new National Historic Preservation Act consultation process in parallel with National Environmental Policy Act reviews;
- limiting the types of impacts that projects are required to mitigate;
- setting clear limits on when and how a project can be legally challenged;
- allowing states to handle endangered species consultations if they have the capacity to do so;
- clarifying limits on state water-quality reviews and prohibiting expansion of the process to unrelated issues;
- preventing the federal government from retroactively changing rules for certain wetlands and waterways; and
- creating a mandatory funding source for cleanup of abandoned hard-rock mines.



The SunZia project, more than a decade in the making, was cited as a poster child for the need for permitting reform. | *Pattern Energy*

### The Reaction

There is broad consensus in support of permitting reform to boost economic growth and control energy prices.

As Heinrich said at the news conference, "We need to be able to build big things in this country again."

But there is less agreement on what reform should look like, and reaction to the Sept. 30 announcement reflected the diversity of opinions and priorities that will clash during the negotiating process. ■

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# D.C. Circuit Vacates DOE's Order Keeping the Campbell Coal Plant Open

## The Case is the First Challenge to a Suite of FPA Section 202(c) Orders DOE Has Issued

*By James Downing*

A three-judge panel of the D.C. Circuit Court of Appeals for the District of Columbia Circuit vacated the U.S. Department of Energy's order keeping the Campbell coal plant in Michigan from retiring, saying it usurped the state's authority. (See *DOE Orders Michigan Coal Plant to Reverse Retirement*.)

The Michigan Public Service Commission had approved the plant's retirement, Consumers Energy had bought replacement power for it, and MISO had factored its closure into its planning. But a DOE order under the Federal Power Act Section 202(c) issued in May 2025 stopped its looming retirement. DOE has extended the situation with orders every 90 days since the first, and subsequently, it has used its 202(c) authority to stop similarly situated power plants in other states from retiring.

"The plain meaning of the text limits Section 202(c) emergency authority to address an identified risk of a substantial energy supply shortfall that calls for immediate action," the court's *opinion* said. "Section 202(c) gives DOE limited authority to sidestep states' jurisdiction over electricity generation to briefly compel generation or interconnection in times of war or other 'emergency' situations."

The FPA gives states primary authority over generation, and Section 202 itself is no different, with the court saying subsections (a) and (b) "confirm the primacy of states and their utilities in planning to prevent and responding to emergency electricity shortfalls."

"There is no dispute that for almost a century, states have exercised authority, preserved by the Federal Power Act, to regulate in-state power plants for the economic and environmental benefit of their citizens," the court said. "It is the states — informed by federal, regional and load-serving entities' assessments of available supply and reliability needs — that bear the responsibility to plan for and avert reliability risks on an ongoing basis."

States decide which generators are built, expanded, reduced or shut down, while the federal government has primary authority over the interstate transmission of electricity.

"That demarcation of federal and state regulatory power is further reason to treat DOE intervention under Section 202(c) as rare and authorized only when states, their utilities and RTOs are unable or unwilling to respond," the court said. "That is exactly how the federal government has used its Section 202(c) authority until today — to address short-term crises, such as blackouts caused by war or extreme weather events, not as a substitute for the states' long-term reliability planning."

DOE's expansive reading of the law would permit it to pick its preferred generation sources "in Michigan — or, presumably, any other state" and order them to operate without regard to state planning and regulation, it added.

"We hold that Section 202(c) is best read to apply where the department identifies a risk of substantial harm from inadequate electricity supply that calls for immediate action by DOE in particular, as opposed to by the states," the court said.

States regulate generation, which makes them largely responsible for the core policy goal of resource adequacy, leaving it up to them to ensure enough power is available to meet consumers' needs. In meeting that goal, states must meet other legal obligations and policy priorities, including affordability, the environment and climate, and diversity of supply.

The Michigan PSC balances those policies in the state as it reviews and approves applications around the retire-

### Why This Matters

The court's opinion means the Campbell coal plant in Michigan can retire after more than a year of delay, but it also has implications for other Federal Power Act 202 (c) orders that are pending appeal.



JH Campbell plant | *Michigan Public Power Agency*

*Continued on page 22*

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# Campbell Decision Clouds New DOE Must-run Orders for Indiana Coal Plants

*By Amanda Durish Cook*

The U.S. Department of Energy has issued orders to again delay the scheduled closures of two Indiana coal plants as questions swirl over their legality.

The pair of Sept. 18 orders mark the fourth time the Trump administration has kept the R.M. Schahfer Generating Station and F.B. Culley Generating Station from retiring. If fully realized, the orders would extend the plants' retirement delay to nearly a year, through Dec. 18.

But a three-judge panel of the D.C. Circuit Court of Appeals on Sept. 11 vacated DOE's nearly identical order keeping the J.H. Campbell coal plant in Michigan from retiring, ruling that states retain jurisdiction over in-state electricity generation, resource adequacy and long-term utility planning. (See *D.C. Circuit Vacates DOE's Order Keeping the Campbell Coal Plant Open*.)

The court ruled that Section 202(c) of the Federal Power Act is strictly reserved for genuine, immediate crises: war, physical attacks or severe weather episodes.

After the D.C. Circuit's ruling, many are left wondering about the implications for Northern Indiana Public Service Co.'s Schahfer Units 17 and 18 and CenterPoint's Culley Unit 2, similarly held in suspended animation.

The 202(c) orders for the Indiana plants are pending appeal.

NIPSCO said it is reviewing the D.C. Circuit's decision on Campbell.

"Our focus remains on serving customers safely and reliably while continuing to comply with applicable legal and regulatory requirements," the utility said in an emailed statement to *RTO Insider*.



CenterPoint's F.B Culley coal plant | *Sterling Industrial*

NIPSCO told FERC in mid-August that it needs to recover $38 million from MISO Midwest customers after it spent $116.7 million from January through March attempting to make its R.M. Schahfer coal plant available in accordance with DOE's emergency orders. (See *NIPSCO Requests to Recover $38M in Losses from DOE-Mandated Schahfer Coal Plant*.)

CenterPoint is preparing a filing to recover costs associated with operating Culley Unit 2. The company said it's "committed to prioritizing affordability and reliability for our southwestern Indiana customers." It did not answer *RTO Insider*'s question about how much in net losses Culley may have amassed and said that, as with the first order, it is complying with the fourth, as well as "any subsequent order."

"At this time, there are no direct bill impacts to CenterPoint customers, but we remain committed to keeping customer affordability top-of-mind as we plan for recovery of costs associated with operating the unit," the company said in an emailed statement.

Environmental law nonprofit Earthjustice warned NIPSCO via letter in late December 2025 that DOE lacks authority to order NIPSCO to reconstruct parts of the Schahfer power plant. It said the department "grossly overstepped" by directing action to restore the plant.

NIPSCO previously has said it expects the emergency orders to continue through late 2028 or early 2029. It has embarked on an extensive restoration of Schahfer that includes turbine and generator repairs, boiler tube replacements and feedwater system restoration, coal handling and mill repairs, cooling tower structural and mechanical work, and essential repairs to the flue gas desulfurization systems.

All the while, the Schahfer units have been unable to contribute power. Unit 17 last ran during the first quarter of 2026 before entering a planned outage in March, while Unit 18 has been offline since July 2025 because of a turbine component failure. The two aren't scheduled to make appearances until after the end of September.

"NIPSCO's ability to recover costs to rebuild those units is currently being litigated before FERC," Earthjustice Senior Attorney Michael Lenoff said in a statement.

Representing groups like the Sierra Club and the Citizens Action Coalition of

## Why This Matters

Uncertainty is building over the fate of DOE's new emergency extensions for two Indiana coal plants in light of the D.C. Circuit striking down a similar directive for a Michigan coal plant.

Indiana, Earthjustice has filed challenges in the D.C. Circuit over forced extensions of the two Indiana coal plants. The group has argued that even though DOE has characterized the coal plants as necessary to deal with very hot and cold days, the trio of retirement-delayed coal plants in MISO don't prove consequential during times of grid stress.

"MISO had unused available excess generation far exceeding the amount of power supplied by the coal plants under 'emergency' 202(c) orders during Winter Storm Fern, during this summer's hottest days and last year's hottest days. Aging coal plants are not reliable; Campbell units have abruptly stopped producing power several times," the organization said in an email to *RTO Insider*.

Earthjustice has been filing summer and winter analyses of surplus capacity with DOE since 2025. It said the department has yet to respond.

It noted that on June 23, 2025, MISO's "most stressed day that summer," Campbell Unit 1 suddenly went offline midday.

"Meanwhile, Campbell Unit 2 was already offline that day, had been offline since May 23 and has barely been able to stay online during the entire term of the 202(c) orders," Earthjustice said.

Conversely, during MISO's maximum generation event Jan. 24, the RTO ran a surplus of 5 to 7.5 GW while Campbell, Schahfer and Culley combined produced about 1.2 GW, according to data from EPA. Earthjustice said MISO's excess that day was between four to seven times larger than the supplies from the 202(c) coal plants.

Fast forward to another maximum generation emergency July 15, and MISO's spare capacity was 5 to 8 GW, seven to nine times larger than Campbell and Culley's estimated output of 702 to 903 MW combined, Earthjustice said.

MISO members plan to hold a discussion on DOE's emergency orders and their effects at an Oct. 21 meeting of its Advisory Committee.

Fresh Energy's Mike Schowalter asked whether MISO stakeholders should discuss the role of the courts and the uncertainty surrounding the fate of MISO's other 202(c) emergency orders given the Campbell ruling.

"I don't know how we avoid talking about that, and we may have more legal opinions come October," Michigan Public Service Commission Chair Dan Scripps said at an Advisory Committee meeting Sept. 16.

Schowalter said he hoped MISO members also would talk about how the Trump administration's liberal use of Section 202(c) could affect future presidential administrations, either through their continued use for political means or lawmakers establishing guardrails against ubiquitous use. ■

# D.C. Circuit Vacates DOE's Order Keeping the Campbell Coal Plant Open

*Continued from page 20*

ment of generation and the construction of new plants.

"As most directly relevant here, the Michigan commission ensures that any retirement of a generation resource in Michigan is accomplished consistently with the adequacy of electrical supply to meet demands of electricity consumers," the court said.

The PSC has its own authorities to address looming shortfalls as it monitors resource adequacy and publishes semiannual energy appraisals that look ahead six months at the issues. The PSC can issue a special appraisal in an emergency, and it can ask FERC to order an interconnection and sale of energy to address shortfalls.

"Michigan's governor can declare a state energy emergency and order various mitigation measures, including restrictions on energy use in nonresidential buildings, restrictions on energy sales to consumers and directives to an energy supplier, to provide energy to any facility that provides essential services to the state," the court said.

Another layer of authority comes from MISO, which allows Michigan and other members to rely on its regional market for resource adequacy, the court noted.

The federal government has some power too, but 202(c) historically has been used sparingly, with the law rarely used outside of wartime or in the face of immediate needs like extreme weather.

"DOE has no role whatsoever in the resource-adequacy planning process," the court said. "Instead, Congress in Section 202(c) gave DOE narrow authority to intervene that is triggered only in the face of an electricity emergency not otherwise addressable by states or their utilities."

The ruling was welcomed by environmental groups that challenged the 202(c) order at the D.C. Circuit.

"Instead of working to lower costs and clean up our air and water, the Trump administration has been pulling out all the stops to try to bolster dirty and expensive fossil fuels — at public expense," Sierra Club lawyer Sanjay Narayan said in a statement. "This reckless agenda will not succeed. We will continue to hold [DOE] accountable to the law and ensure that the J.H. Campbell plant finally retires as it was scheduled to, and we will continue to fight back against the other illegal extensions across the country."

The Natural Resource Defense Council's Michigan policy director for climate and energy, Derrell Slaughter, argued in a statement that residents there never should have been saddled with higher energy costs in the first place.

"The Campbell coal plant is out of date, costs more to operate than other electricity generation options and is one of the worst polluters in the state," he added. "Today's federal court ruling has correctly rejected the Trump administration's illegal efforts to force the Campbell plant to continue to operate." ■

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# Analysis: Election Results Could Slow Data Centers

*By Scott Streater*

Politics plays a major role in where Big Tech companies choose to site data center projects, according to a new analysis conducted by a market intelligence company that concludes the fate of proposed hyperscale projects in 14 states may hinge on the outcome of the November midterm elections.

The Geography of Compute analysis released Oct. 7 by Cleanview estimates that dozens of data center projects with a cumulative 31 GW of electricity capacity could be negatively affected in this election cycle, with Democratic gubernatorial candidates in states like New Mexico and Kansas supporting statewide data center bans.

The political leadership in each state already affects development, with 68% of data center capacity that came online in 2025 built in Republican-led states that generally are viewed as having more business-friendly regulatory policies, according to the analysis.

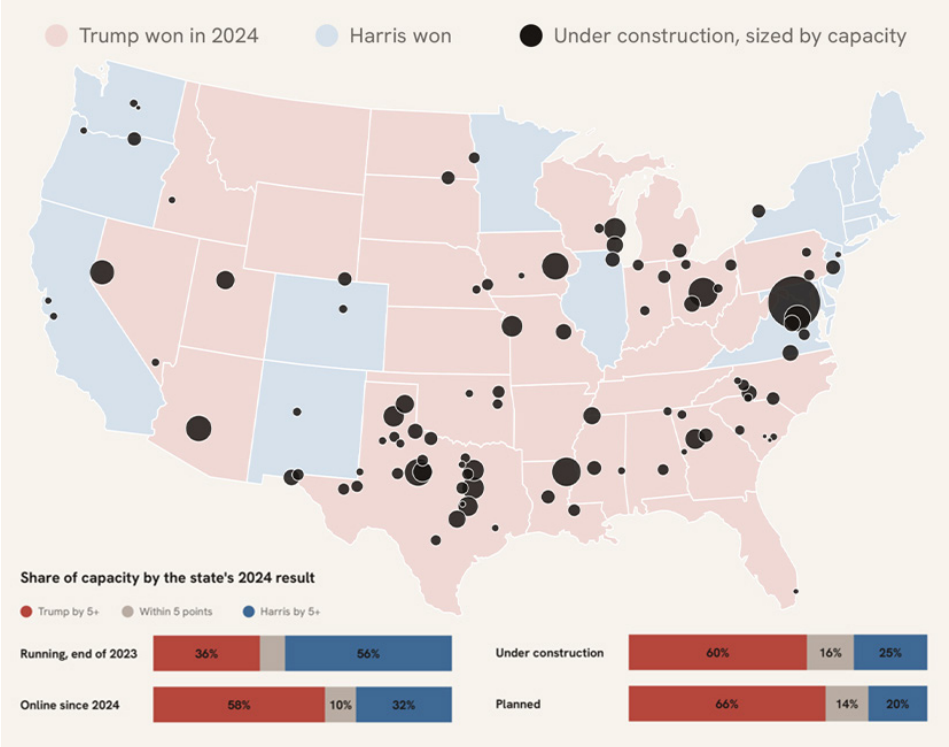
Cleanview reported that an estimated 75% of data center capacity under construction is in red states, with Texas leading the way at 12.8 GW of new capacity. What's more, "demand" for the data center infrastructure needed to power the artificial intelligence industry is "spiking" in the ERCOT and PJM markets, which are home to "55% of the data center capacity under construction," it found.

Most of that new capacity "is moving away from the grid and toward gas pipelines" designed to power individual data center projects and bypass a strained grid system.

"Developers are going to red states with fewer regulations and restrictions," the analysis found, with most of these projects slated to be built in states won by President Donald Trump in the 2024 presidential election.

The latest analysis comes as data center development has reached unprecedented levels in the past two years.

So has public opposition against hyperscale projects and their potential impacts on power grids, utility ratepayer costs and land use. This coincides with the fact that more projects have been proposed in remote, rural areas. The Cleanview analysis concluded that 52% of data center projects under construction are in markets "that didn't exist in 2022," citing Richland Parish, La., Abilene, Texas and Reno, Nev., as examples.




Outside Virginia, 92% of data center construction is in states Donald Trump won in 2024. | *Cleanview*

"Before the generative AI era, tech companies invested billions in data centers that were mostly located in cities," according to the analysis. "Today, these companies are investing hundreds of billions in remote places many Americans have never heard of."

This is playing out as data centers generally, and AI specifically, have become a major campaign issue in the midterm elections, which could see Democrats take control of the U.S. House and Senate, as well as flip several critical gubernatorial races in states like Nevada.

State lawmakers across the West have vowed to implement stronger statewide policies on new data center developments in legislative sessions beginning in January 2027. (See *Western Lawmakers Targeting 2027 Legislative Sessions to Crack Down on AI and Big Tech*.)

But in states from Kansas to Oregon, the results of the gubernatorial races in November could determine whether the new regulatory guardrails include statewide moratoria.

New Mexico gubernatorial candidate Deb Haaland (D), who served as secretary of the Interior during the Biden administration, has said she would support a statewide moratorium on new data center development if elected. (See *New Mexico Could be Next State to Ban Data Centers*.)

Also supporting a statewide ban is Kansas state Sen. Cindy Holscher (D), who is running for governor on a campaign platform that includes a get-tough approach to managing data centers. (See *Data Centers are Election Year Flashpoint in Kansas*.)

It's not just Democrats. In a close U.S. Senate race in Michigan, for example, "Republican Mike Rogers now backs a one-year moratorium on new data centers," according to the Cleanview analysis.

In Nevada, Gov. Joe Lombardo (R), who is up for re-election, recently bowed to public pressure, signing an executive order placing more regulatory guardrails on data center development despite previous strong public support for the industry. (See *Nevada Governor Moves to Establish Data Center Guardrails*.) ■

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# How Realistic are Statewide Data Center Bans in the West?

*By Scott Streater*

State lawmakers and gubernatorial candidates across the West are vowing to approve statewide data center bans in upcoming legislative sessions starting in January 2027.

How likely are these potential bans on the massive computing facilities needed to drive the booming artificial intelligence industry?

The answer is not entirely clear despite growing public support to pause data center development.

New Mexico and Oregon are two states that appear poised to adopt a statewide ban.

In New Mexico, a coalition of Democratic state lawmakers announced July 2 that they will file a bill establishing a statewide moratorium of up to three years on new data centers when the legislative session kicks off in January 2027. (See *New Mexico Could be Next State to Ban Data Centers*.)

"New Mexico cannot keep saying yes before we understand what we are saying yes to," state Rep. Angelica Rubio said in announcing the proposal. "We are watching this industry move faster than our laws, our water systems and our communities can keep up with."

There are roughly 22 data centers in the state, but it is close to a dozen large-scale projects that have been proposed in mostly rural areas that have sparked controversy and garnered attention from elected leaders.

Gubernatorial candidate Deb Haaland (D), who served as Interior secretary in the Biden administration, is the frontrunner for the post in November according to recent polls. Haaland has said she would support a data center moratorium in the state while her opponent, Gregg Hull (R), the former mayor of Rio Rancho, has said he does not.

In Oregon, Gov. Tina Kotek (D) twice in the past month has publicly endorsed local government moratoria, most recently on Sept. 8, after she ordered state agencies to pause unapproved requests for easements, land-use permits, leases, rentals, rights-of-way and sales or transfers of state-owned property for data center projects. (See *Oregon Gov. Pauses Data Center Requests on State Land*.)

## Why This Matters

All of this is occurring in the lead-up to the midterm elections in November, where lawmakers from both major parties have expressed growing concern over AI and the massive data center infrastructure projects needed to run the industry.

That directive came two days before a Data Center Advisory Committee appointed by Kotek in January unveiled a preliminary report of its findings that acknowledged there are a lot of unresolved issues and concerns that the state needs to address, as evidenced by the more than 700 written comments the committee has received to date.

"The comments reflect significant public concern about the effects of data center development, particularly related to energy affordability, taxation and incentives, water, climate and air quality," the report said.

Kotek's challenger in the November election, state Sen. Christine Drazan (R), recently changed her position and now supports a statewide moratorium. The legislature is expected to consider a statewide ban during its upcoming session.

A similar situation is playing out in Washington state, where nearly a dozen municipalities, including Seattle, have enacted temporary moratoria on new data centers. Data center regulations, including a potential statewide moratorium, are expected to be debated in the 2027 session starting in January. (See *Washington State Lawmakers Eye New Data Center Regs*.)

The threats by lawmakers to crack down on data centers in the coming months are real, said Dan Schnur, a political science professor who teaches at the University of California-Berkeley and the University of Southern California.

"As the AI panic continues to grow, it appears that data centers will bear the brunt of the first wave of political and public anger," Schnur told *RTO Insider*. "Whether the remedy is to impose absolute bans or severe but less absolute restrictions, almost every state will crack down hard on the construction of these facilities."

But moratoria are not the answer, said Dan Diorio, executive vice president of state policy and government affairs at the Data Center Coalition, a national industry trade group.

"Data centers are critical to our national and local economies," Diorio said in an emailed statement. "Rather than enacting moratoriums which will discourage investment and send a signal to the industry that communities and states are closed for business, state and local leaders should work with the industry and all stakeholders to establish reasonable regulatory frameworks that meet the needs of the communities without deterring the industry and the benefits it can bring."

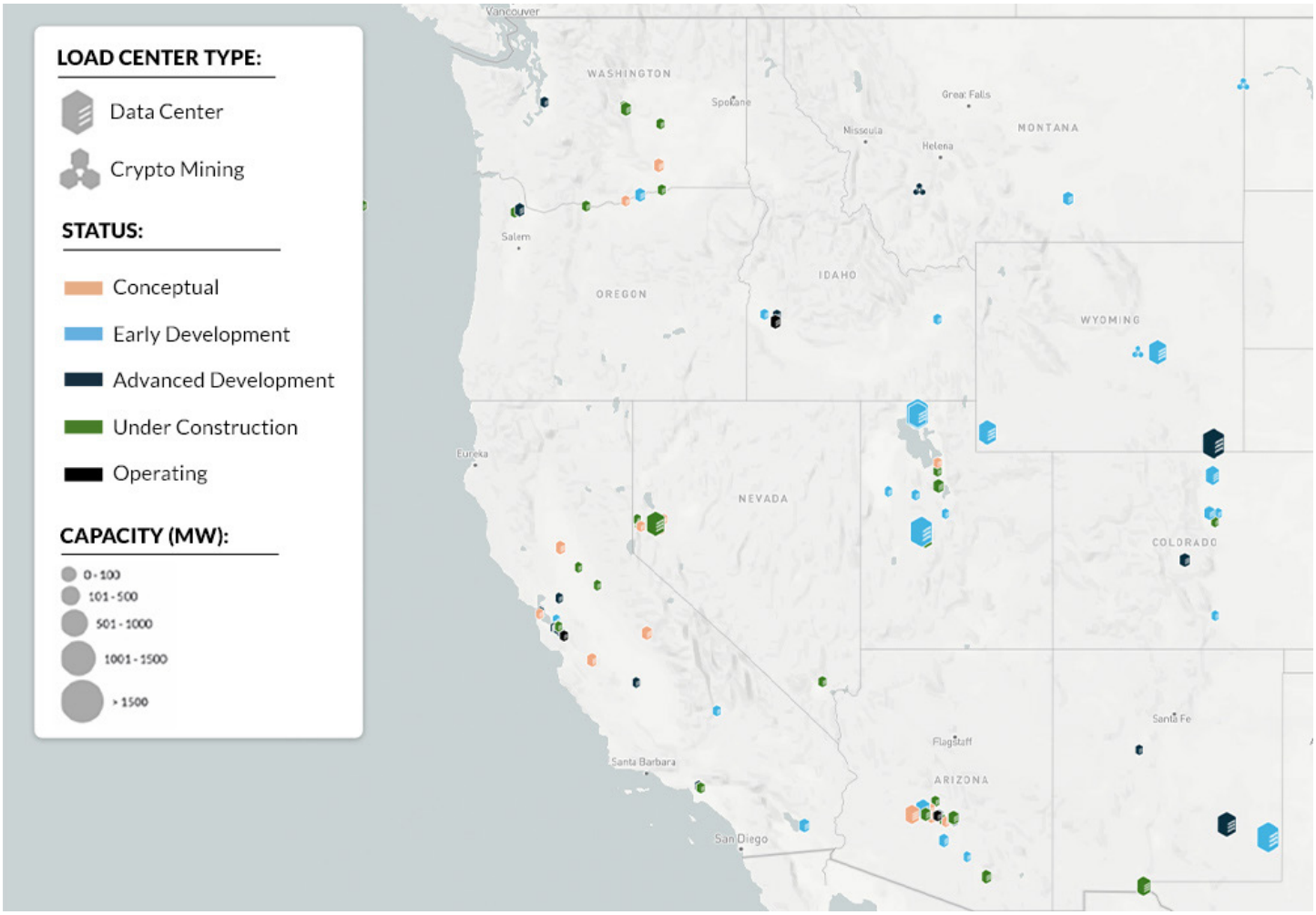
### A State-by-state Decision

Caleb Max, president and CEO of the National Artificial Intelligence Association, told *RTO Insider* that there are legitimate public concerns about data centers, particularly impacts to power supply and water resources, and that the industry needs to do more to highlight the economic benefits and to emphasize commitments to safeguarding residential electric utility rates.

While Max said "the midterm cycle certainly adds a lot of heat to the conservation," he also blamed "a misinformation campaign that is well funded" by foreign adversaries, like China, for stoking public fears about AI and data centers.

Growing public backlash at the rapid pace of data center development nationwide has led some states to temporarily ban data centers, most notably in New

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| Yes Energy

York, where Gov. Kathy Hochul (D) signed a July 14 executive order that marked the first statewide data center ban. (See *N.Y. Imposes Nation's First Statewide Data Center Moratorium*.)

The Maine Legislature voted to approve an 18-month moratorium on new data centers, but Gov. Janet Mills (D) vetoed the bill in April, arguing it should have exempted one small town's project.

All of this is occurring in the lead-up to the midterm elections in November, where lawmakers of both major parties have expressed growing concern over AI and the massive data center infrastructure projects needed to run the industry.

Lawmakers in at least 16 states have proposed data center bans in the past year, with most still in play and only six proposals having been rejected so far, according to information compiled by the National Conference of State Legislatures. To date, moratorium bills have been formally introduced by lawmakers in Delaware, Georgia, Michigan, New Jersey, Pennsylvania, South Carolina and Vermont, according to the group.

That doesn't include states that could soon consider a statewide moratorium like Kansas, which has about 35 operating data centers and has been targeted recently by the industry as an attractive place to build new projects.

The fate of data centers in Kansas may depend on who's elected governor in November.

State Sen. Cindy Holscher, running on a platform that includes support for a statewide moratorium on new data centers, won the Democratic primary for governor. (See *Data Centers are Election Year Flashpoint Kansas*.)

Fellow state Sen. Ty Masterson, who won the Republican primary for governor and is endorsed by President Donald Trump, has said he does not support a ban.

Equally murky is the situation in Arizona, where the debate over a possible data center ban appears to have split the state's top Democratic leadership.

State Attorney General Kris Mayes (D) on Aug. 31 publicly called for a statewide ban on new data center approval and construction. Mayes urged the Legislature to approve a moratorium, and for Gov. Katie Hobbs (D) to sign it into law.

"The only sane thing to do is to pause the approval of new data centers," Mayes said in a statement. "Data centers are power- and water-intensive, and Arizona is challenged on both fronts right now."

Hobbs, however, responded that a moratorium on new data centers is not necessary and that the state is working to ensure that regulatory guardrails are put into place.

"I don't believe that a state moratorium is the right approach and will continue to work to find the right balance," Hobbs told reporters on Sept. 8. ■

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# Is New England Ready for New Nuclear?

*By Jon Lamson*

Until relatively recently, the possibility of new nuclear resources has been mostly an afterthought in discussions around decarbonization in New England, with policymakers focusing on the buildout of offshore wind and other renewables.

But looming climate targets, demand growth forecasts and concerns about long-term resource adequacy have driven increased interest and a flurry of activity surrounding nuclear power in the region.

In contrast with offshore wind — which formerly was the cornerstone of state decarbonization strategies — nuclear power benefits from an uncommon level of bipartisan support across federal and state governments. In March, all six states jointly expressed support for the region's existing nuclear fleet and the exploration of new nuclear development. The states are scheduled to meet Sept. 30 to discuss the potential for new nuclear and fusion resources in the region.

But a second wave of nuclear development in New England is far from a guarantee. Longstanding questions and concerns about siting, safety, costs and financial risk will need to be addressed before any projects proceed in the region. Even if new developments do proceed, they would not be a near-term solution for the region; the first projects likely would not come online until the mid-2030s at the earliest.

And with affordability continuing to dominate energy politics throughout the region, nuclear developers and proponents will need to convince the public that new nuclear development represents a net positive for ratepayers and the communities that host them.

## 'All Moonshots are Under Consideration'

Melissa Lavinson, executive director of Massachusetts' Office of Energy Transformation, said the increased interest in nuclear power in the region has been driven by advancements in technology, demand growth, affordability concerns and the need to decarbonize.

This has led to conversations around next-generation nuclear technologies and how the region can position itself "to potentially take advantage of those opportunities going forward on behalf of New England energy customers," she said.



The Seabrook Station nuclear plant in New Hampshire | *Jim Richmond, CC BY-SA 2.0, via Wikimedia Commons*

### Why This Matters

While ISO-NE studies show new nuclear development could reduce the cost of decarbonization, nuclear power remains highly controversial in the region, and major questions remain regarding siting, community acceptance, financing and ratepayer risk.

Recent long-term modeling by ISO-NE also has caught the state's attention, said Weezie Nuara, head of federal and regional affairs for the Massachusetts Executive Office of Energy and Environmental Affairs.

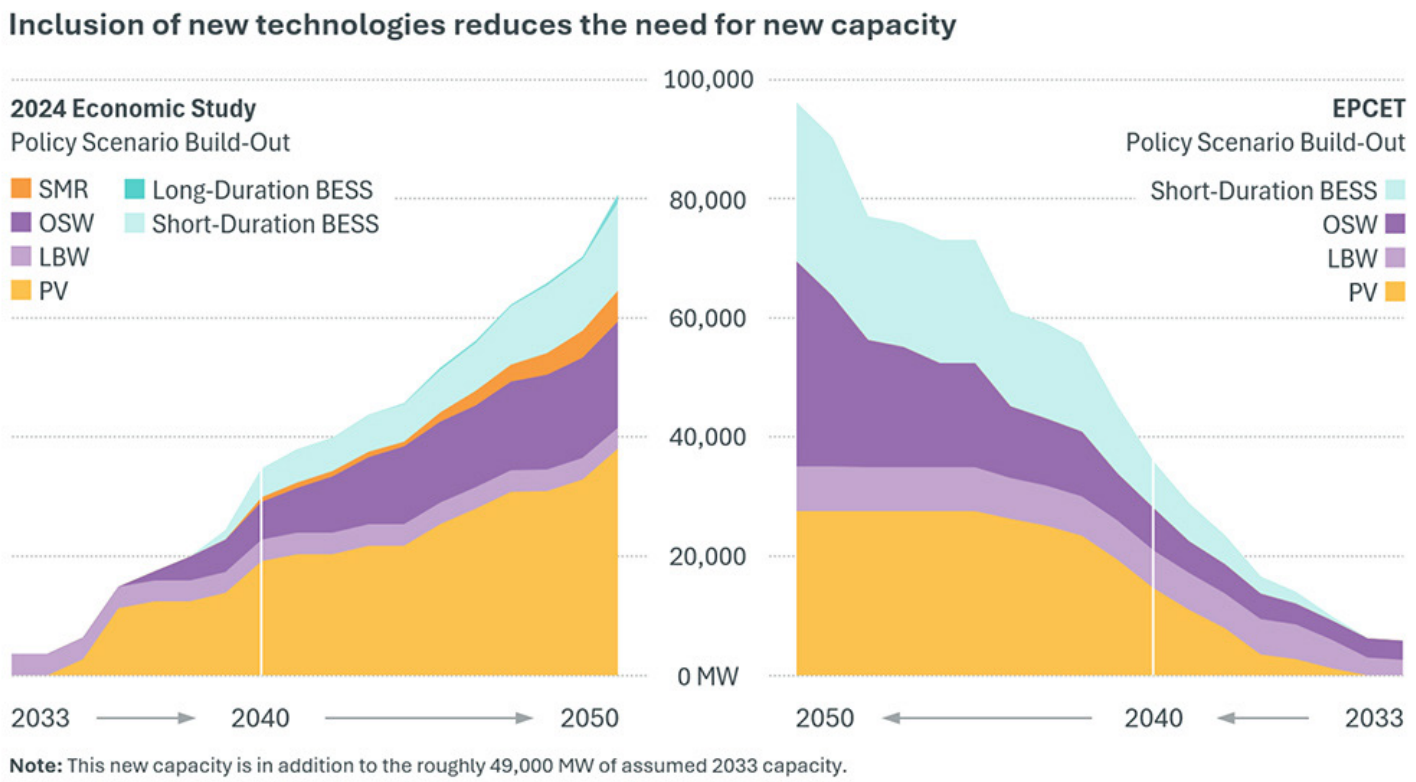
The RTO has estimated that the region would need to add 97 GW of new renewable capacity by 2050 to meet state decarbonization targets without new nuclear. (See *ISO-NE Study Lays Out Challenges of Deep Decarbonization*.) However, adding about 15 GW of small modular reactors to this mix would reduce the need for new renewable capacity by 57% and cut capital costs by 33%.

A subsequent report by ISO-NE forecast SMRs to become cost-effective for decarbonization in the mid-2040s, though it noted that this estimate is "highly dependent on conservative relative cost assumptions," and the economics of SMRs would improve if the resources cost less than assumed.

"I think there's finally a realization that nuclear should be included in the all-of-the-above strategy," said Sukesh Aghara, director of the nuclear engineering department at the University of Massachusetts Lowell. He said a growing body of credible analysis indicates that nuclear power, "when coupled with renewables and storage, actually makes the entire energy system more reliable, resilient and affordable."

Aghara led Massachusetts' recent work to create a roadmap for advanced nuclear and fusion energy development, running a series of public discussions on

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ISO-NE capacity modeling with and without SMRs and long-duration storage | *ISO-NE*

the topic.

One of the major takeaways from these discussions was the need for "more strategic and consistent engagement" between the states regarding "existing and future nuclear technology deployment in the region," he said.

"We feel very excited that we made this recommendation in February, and we saw the joint six-governor announcement come out in March," he said.

For proponents, the case for nuclear power as an affordability asset lies in its ancillary reliability benefits and ability to provide baseload, low-carbon power throughout the year.

Nuclear power is the "highest reliability asset, highest capacity factor asset out there," said Benton Arnett, of the Nuclear Energy Institute. "When you look at the reliability value that the nuclear provides, that's where you get a lot of those cost savings; it's not having to overbuild or rebuild transmission lines; it's not having to overbuild generation to shore up reliability."

The first wave of SMRs in the U.S., aiming to come online in the early 2030s, will be more expensive, he said, while emphasizing that costs should fall as development ramps up later in the decade.

"There is such a need right now for power very quickly that there's a huge incentive to innovate and to get these projects delivered in an efficient way," he said.

But some groups — including many environmental advocacy organizations — remain skeptical about the economic viability of new nuclear power and worry that an overeager nuclear development push could exacerbate the region's energy affordability issues.

"When we look at new nuclear power in the United States, the history in the 21st century gives every indication this is a horrible idea from a ratepayer standpoint," said Ben Edgerly Walsh, climate and energy program director at the Vermont Public Interest Research Group. "Maybe that'll change someday, but right now what we have is several examples of plants running billions and billions of dollars overbudget and costing ratepayers an arm and a leg."

Caitlin Peale Sloan, vice president for climate and energy at the Conservation Law Foundation, said the nonprofit supports maintaining the region's existing nuclear fleet and is "open to conversations around new nuclear technology."

"As the impacts of climate change intensify, it's clear we need every option on the table, and all moonshots are under consideration until they're proven to work or not," she said.

However, she said CLF tends to send "a bit more of a cautionary note when it comes to talking about who's paying, on what timescale and what the budget is, especially around new fission facilities."

She argued that long-term decarbonization studies tend to underestimate the potential for advanced storage, demand response and virtual power plants to smooth out regional peaks, saying, "That's one of the conversations we want to be having first when we're thinking about the actual scale of peak.

"But I think, regardless of whether we are 2X-ing our peak or just 1.5X-ing it, I think all non-combustion technologies need to be in the conversation, because our existing fleet isn't going to last forever." ■

# MISO Smashes Import Record During Summer Emergency

*By Amanda Durish Cook*

MISO said it tracked its largest-ever import assistance of almost 18 GW during a mid-July emergency declaration. The RTO reported receiving a little more than 17.7 GW at around 8 p.m. ET on July 15.

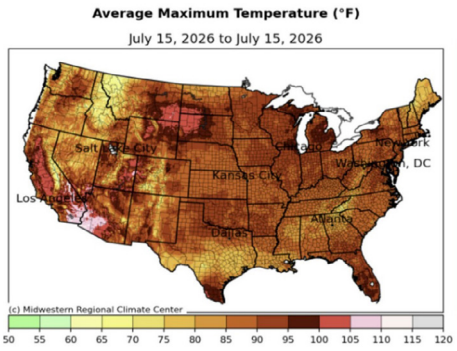
MISO made the call to enter a maximum generation emergency that day as a dayslong heat dome stationed itself over the Midwest and drove demand to 122 GW. (See *MISO Resorts to Emergency Procedures in 2nd July Heat Dome*.)

During a post-mortem at a Reliability Subcommittee meeting, MISO shift lead Don Hunter said the RTO managed "very tight conditions" across the Midwest as temperatures climbed 8 to 16 degrees higher than 30-year average temperatures between 1990 and 2020.

Hunter said MISO's net scheduled interchange — its tool that documents the total scheduled power flowing in and out of the footprint — "came in materially higher than we expected" and "well exceeded the morning forecast."

Hunter said MISO would like to achieve better insight into its forecast reliance into the net scheduled interchange. He said because imports are price-dependent, it's tricky to ascertain MISO's dependence on any given day. Nevertheless, he said MISO would explore ways to get a better idea of imported supply.

Compounding matters, Hunter said MISO on July 15 experienced higher than forecasted load, widespread smoke from Canada's wildfires that muted solar performance and "persistently low wind output."




Average maximum temperature across the U.S. on July 15 | *Midwestern Regional Climate Center*

Hunter said lackluster wind performance has dogged MISO for most of the summer.

On July 15, Hunter said multiple units on outages were trying to return to service; however, MISO didn't have "much confidence that they were going to produce any substantial megawatts."

Hunter said MISO's decision to enter the first step of its maximum generation emergency procedures that morning still produced a negative reserve margin estimate of about 550 MW. MISO made the call to escalate to the second step of emergency procedures, which included calling up load-modifying resources.

"We want to make sure the system's going to be secure and reliable," Hunter described of control room operators at the time. "Unfortunately, we're not seeing the kind of results we want."

Hunter said MISO's Net Scheduled Interchange is one of the "biggest uncertainties" in supply forecasting. By 3 p.m. ET, MISO enticed about 12 GW in imports with its Step 2 emergency.

Hunter said because MISO got imports in spades, it was able to cancel its call for load-modifying resources that evening. "As those imports continued to increase, we were able to get out of most of our declarations," Hunter said.

Hunter said MISO continues to investigate ways its software could call on a more tailored number of load-modifying resources. He said MISO's software uses an "all-or-nothing approach" to the resources and doesn't allow it to select certain quantities in certain hours.

MISO reported that its pricing systems encountered a software issue on July 15, resulting in a market implementation error and corrections that reduced prices.

During a Market Subcommittee meeting, MISO's Tari Jung said the RTO's pricing engine missed the termination of the call for load-modifying resources, which allowed prices to remain too high over the evening.

MISO recalculated the locational marginal prices and market clearing prices, this time excluding LMRs from setting prices after their cancellation, over affected intervals from 4:45 p.m. ET to 7:55 p.m. ET.

## Why This Matters

MISO's net scheduled interchange tracked a little more than 17.7 GW coming into the footprint on the evening of July 15, putting an end to a maximum generation emergency. It's the largest amount of imports MISO has ever recorded.

Michaela Flagg, an adviser with The Energy Authority, asked MISO to proactively root out potential pricing errors in software, especially because MISO continues to automate more of its market operations.

Flagg said during emergencies, market participants work hard to arrange extra power for the footprint while responding to price spikes. She said retroactive price changes "can be harmful [to] credibility and confidence in market outcomes."

AESL Consulting's David Boyd said he was "frustrated" with the reduced repricing, which changed the economics that market participants used to import power in response to the emergency price signals.

"Importers cannot unwind those transactions … and applying materially reduced prices after the fact creates an inequitable result for participants who rely on posted market information when providing physical supply into MISO," Boyd said. "Material price resettlements have material impacts."

Boyd warned that MISO could undermine confidence in its posted real-time prices and make external suppliers "less willing to import physical power into MISO during future emergency events."

"If the market can't trust the accuracy of MISO market signals, then the market may be disinclined to respond to those signals," he said. ■

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# NextEra-Dominion Merger Spurs Widespread Concern in ISO-NE and PJM

*By Jon Lamson*

NextEra Energy's proposed acquisition of Dominion Energy faces substantial pushback from market monitors, consumer advocates and state entities in ISO-NE and PJM over concerns about increased market power and negative effects on ratepayers in the regions.

In filings submitted to FERC on Sept. 29, commenters argued that the massive company created by the merger could hurt competition in the RTOs and that the commission should not approve the merger without specific mitigation measures to protect consumers (EC26-131).

The proposed merger, announced in spring, would establish a utility conglomerate with an enterprise value of $420 billion and the largest generation fleet in the country. (See *NextEra Merger with Dominion Would Make Massive Utility Company*.)

NextEra has said the merger would help the combined company rapidly expand its generation footprint to meet demand growth, allowing it to access capital at a lower cost and benefit from increased economies of scale.

But critics argue it would increase its incentive and ability to exert market power and concentrate an unprecedented amount of power and influence within one company.

In the FERC proceeding, the merger drew concern from the PJM Independent Market Monitor, ISO-NE's Internal Market Monitor, the New England States Committee on Electricity and a variety of state agencies, consumer advocates, utility companies and nonprofit organizations.

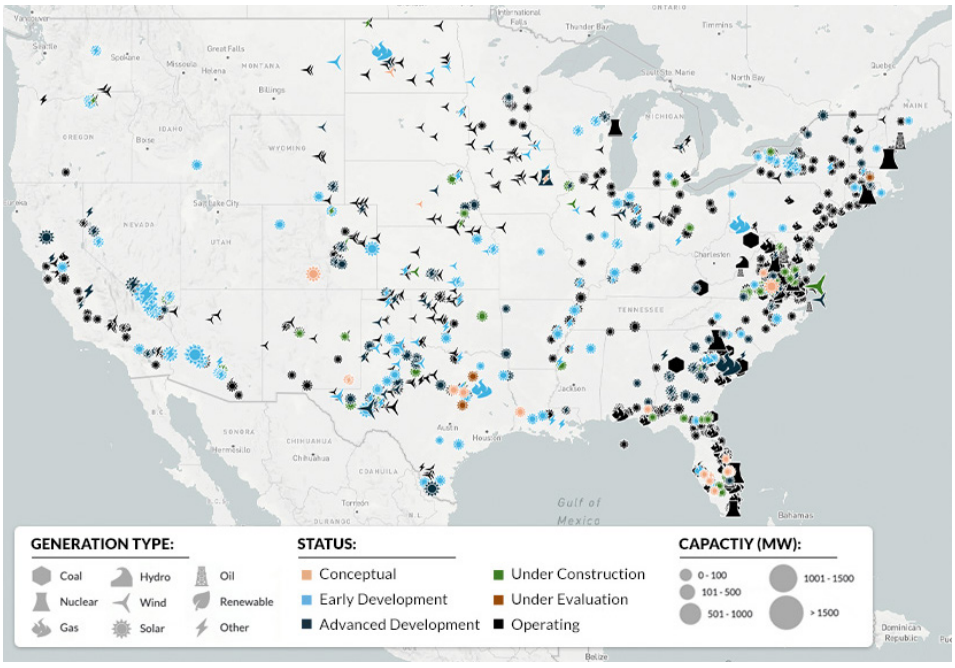
The deal has been met with particularly strong outcry and opposition in New England, where it would consolidate the ownership of the region's two existing nuclear plants and most of the region's low-carbon energy generation.

Meanwhile, the PJM Monitor argued that the deal would increase vertical and horizontal market power and reduce competition among merchant generators and competitive transmission developers.

## ISO-NE Concerns

According to the ISO-NE Monitor, the merger would concentrate nearly a quarter of generation in New England under the ownership of NextEra, making the company the largest supplier of energy in the region.

It also would contribute to the trend of generation consolidation in the region, the IMM said, highlighting the recent Vistra-Cogentrix and Constellation-Calpine mergers and Hull Street Energy's acquisition of FirstLight's U.S. generation fleet. (See *FERC Approves Vistra-Cogentrix Merger Despite Market Monitors' Concerns* and *FERC Denies Rehearing Requests on Constellation-Calpine Merger*.)




NextEra and Dominion generation resources throughout the U.S. | *Yes Energy*

### Why This Matters

Stakeholders in ISO-NE and PJM argued that the merger as proposed would hurt consumers and contribute to a trend of increasing generation consolidation. The transaction could have particularly large implications on low-carbon generation in New England.

"The merged portfolio would have substantial incentives to withhold capacity under a range of market conditions, creating risks to competitive price formation and increasing costs to consumers," the Monitor wrote. "The measured withholding incentives are sufficiently significant that reliance on existing market power mitigation rules alone may not adequately protect competitive outcomes."

The Monitor wrote that its "principal concern" is the merger would incentivize NextEra to retire economically viable capacity "in a manner that benefits the broader portfolio and adversely affects capacity market outcomes and consumer costs, which would have knock-on effect on energy market outcomes."

While the RTO's existing mitigation rules are intended to protect against market power effects of a resource deactivation in the capacity auction immediately following a resource retirement, this proxy-offer mitigation mechanism would apply only for one auction, the IMM noted.

The existing mitigation framework "may not fully address the longer-term consequences of removing capacity from the market," it wrote.

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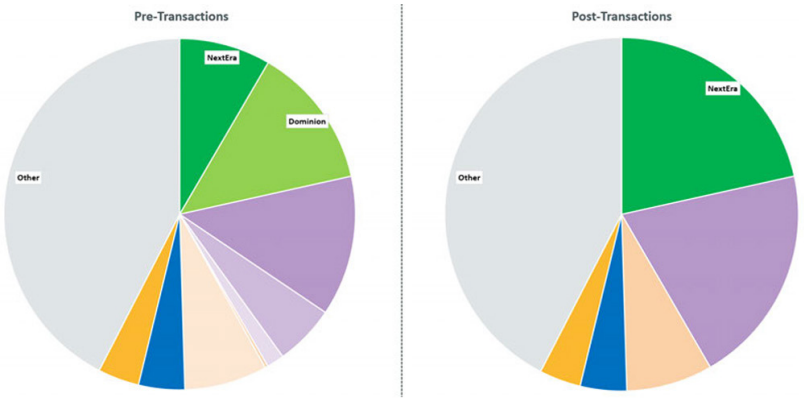
It urged FERC to condition its approval on "additional safeguards governing resource deactivations," including a requirement that NextEra not deactivate any economically viable capacity for at least five years. Alternatively, the company could sell strategic assets, the Monitor wrote.

NESCOE also reiterated its concern about the merger, though without the participation of New Hampshire. The New Hampshire Department of Energy declined *RTO Insider*'s requests for comment on the merger and its abstention from NESCOE's statements. The Seabrook Station nuclear plant, owned by NextEra, is the largest generator in the state.

"The proposed acquisition would concentrate an unprecedented amount of leverage in NextEra," NESCOE wrote in a statement in August. It added that NextEra and Dominion have a "problematic history in the region," highlighting NextEra's efforts to block the New England Clean Energy Connect transmission line and Dominion's threat in 2017 to retire the Millstone Power Station in the absence of long-term state contracts.

"Combining the three nuclear units in New England under one company would provide extraordinary leverage, and a potential incentive, to a single entity to engage in similar behavior in the future," NESCOE wrote.

Commenters also raised concerns about the potential effects on the region's clean energy market. An expert commissioned by Eversource Energy estimated that the combined company would have about a 66% market share of the region's clean energy supply based on 2024 data. This share would increase to more than 75% during certain periods of time, the company noted.




ISO-NE energy market shares before and after the proposed merger and the Vistra-Cogentrix, Constellation-Calpine and Hull Street-FirstLight transactions | *ISO-NE*

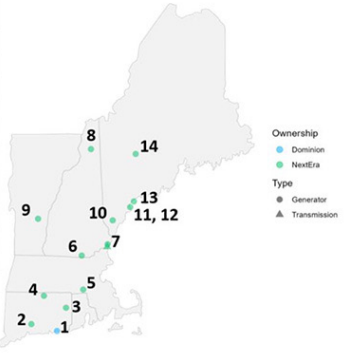
The company also expressed concern that the merger would incentivize the company to divert energy and capacity from Millstone or Seabrook to a data center co-location project. Reducing the supply available to the market "would drive up wholesale electricity prices, state RFP procurement prices, and translate into higher costs for ratepayers," it wrote.

The company advocated for a series of consumer protection conditions, including requiring the divestiture of one of the nuclear resources.

A coalition of consumer advocates and state agencies argued that FERC should reject the merger "or at minimum conduct an evidentiary hearing after an opportunity for discovery." Seabrook and Millstone are essential resources for reliability and state clean energy targets, it said.

"Without these units, the New England grid would be vulnerable to rolling blackouts, with very few resources that could even theoretically fill the void," the group wrote. "Placing these units in the control of a single company would therefore grant the combined company significant control over grid reliability and resulting leverage in the New England market."

| No. | Plant Name | Plant Location (County) | Fuel Type | Nameplate Capacity (MW) | Qualified Capacity (FCA18) |
|---|---|---|---|---|---|
| 1 | Millstone (Units 2 & 3) | New London, CT | Nuclear | 2,259.9 | 2,107.4 |
| 2 | Seabrook | Rockingham, NH | Nuclear | 1,242.0 | 1,248.1 |
| 3 | William F Wyman Hybrid | Cumberland, ME | Oil | 846.0 | 705.1 |
| 4 | Bellingham Cogeneration | Norfolk, MA | Natural Gas | 386.1 | 282.9 |
| 5 | Granite Reliable Power | Coos, NH | Wind | 99.0 | 12.8 |
| 6 | Farmington Solar | Franklin, ME | Solar | 77.0 | 21.4 |
| 7 | Sanford Solar | York, ME | Solar | 49.4 | 17.2 |
| 8 | Quinebaug Solar | Windham, CT | Solar | 49.4 | 11.1 |
| 9 | Cape Gas Turbine | Cumberland, ME | Oil | 35.0 | 29.6 |
| 10 | Wallingford Solar | New Haven, CT | Solar | 19.9 | NA |
| 11 | Nutmeg Solar | Hartford, CT | Solar | 19.6 | 7.0 |
| 12 | Coolidge Solar 1, LLC | Windsor, VT | Solar | 19.6 | 7.0 |
| 13 | Casco Bay Energy Storage | Cumberland, ME | Battery Storage | 16.7 | NA |
| 14 | Four Hills Landfill Gas | Hillsborough, NH | Landfill Gas | 2.4 | 0.9 |




NextEra and Dominion generation resources in ISO-NE | *Eversource Energy*

## PJM Concerns

The PJM Monitor expressed concerns about negative effects on competition and increased vertical and horizontal market power, writing that the merger "would result in an unprecedented amount of economic and political power for NextEra."

It wrote that the merger would reduce merchant generation competition and the competitiveness of competitive transmission solicitations, and it raised specific concerns about the Chesapeake submarket, "which faces gas pipeline and electric transmission constraints along with a disproportionate amount of data center load growth."

"Scale, financial strength and operational breadth all enhance market power, and any economic gains are more likely to accrue to investors rather than customers," the IMM wrote. "There is no reason to expect that the merged profit maximizing company with fiduciary responsibilities to its shareholders will pass on the benefits of any market power advantages to customers."

Like ISO-NE stakeholders, it argued that the merger could increase the likelihood of co-location agreements with existing resources to serve data center load, which could drive up costs and threaten reliability in an already tight market. It urged FERC to condition its approval on a commitment from the company "to not remove resources from the markets to serve data centers."

It also argued that FERC should require NextEra to commit to remaining in PJM in the long term. ■

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# Ohio, PJM to Use State Agreement Approach for 10-GW Data Center, Gas Plant

*By Devin Leith-Yessian*

The Public Utilities Commission of Ohio has requested PJM initiate the State Agreement Approach (SAA) under FERC Order 1000 to facilitate the interconnection of the PORTS-Pike Technology Campus, a 10-GW data center and co-located gas generator.

The project would be constructed by SoftBank at the site of the shuttered Portsmouth Gaseous Diffusion Plant in Pike County, Ohio, and would lease the land from the U.S. Department of Energy. In a March announcement, DOE stated the project is part of the U.S. and Japan's strategic trade and investment agreement, which includes a $33.3 billion Japanese investment to construct 9.2 GW of gas generation.

The SAA allows a state to work with PJM to identify transmission upgrades required to achieve a policy goal and take on the costs of those projects. This would be the third SAA a state has initiated, following two pursued by the New Jersey Board of Public Utilities to interconnect offshore wind; both were ultimately canceled after the Trump administration moved to curtail offshore wind development. (See *N.J. Puts on Hold Remaining Pieces of $1.07B OSW Transmission Project*.)

PJM is in the process of collecting information from the parties involved in the project to create a study scope. PUCO has asked the RTO to work directly with AEP Ohio rather than open a competitive window. PJM will present details of the process to the Transmission Expansion Advisory Committee on Sept. 8.

In a letter to PJM CEO David Mills, PUCO Federal Energy Advocate Sarah Parrot wrote that SoftBank has committed to covering the estimated $4.2 billion needed to interconnect PORTS-Pike. That work includes the construction of a 765-kV line between the Hanging Rock and Gavin substations, with a new substation, named Baku, sited along the corridor. Three additional substations would be part of the project as well.

"The SAA will ensure that costs associated with the transmission lines and associated infrastructure constructed by AEP Ohio or its designee are assigned to Ohio to then be further allocated to SB Energy, which has committed to pay the costs," Parrot wrote. "The details of the SAA and the specific cost-allocation and recovery approach will be subject to regulatory proceedings before the PUCO, which will issue its findings through an order in the PUCO case."

The commission plans to open a regulatory proceeding to define how the costs of the transmission upgrades will be assigned to SoftBank.

Parrot wrote the "project will require coordinated and timely transmission planning that advances state and federal policy priorities and regional reliability needs."

PUCO spokesperson Matt Schilling said the project's siting on federal land does not change its permitting requirements, and the commission has received applications for the PORTS Energy Center gas plant and the 765-kV Baku-Gavin line segment. AEP has also submitted pre-application filings for the 765-kV Hanging Rock-Baku line and the Baku substation.

Schilling noted that the commission has approved a data center tariff for AEP that "addresses stranded costs via minimum payments, contract length [and] exit fees." (See *PUCO: Data Centers Must Guarantee Power Purchases from AEP Ohio*.)

In an Aug. 17 announcement of its involvement in the project, OpenAI said it will lease the compute capability for 20 years, with the expectation that the facility will come online in 2028 with an initial load of 800 MW and ramp to its full draw in 2032.

NVIDIA also announced Aug. 17 that it will invest $1.5 billion in SB Energy as part of the project and provide credit for the construction needed to serve the first 4.25 GW. ■



PORTS-Pike Technology Campus render | *SB Energy*

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# PJM Proposes Large Load Ride-through Requirements

*By Devin Leith-Yessian*

PJM has proposed requirements for how large loads are expected to respond during voltage and frequency disturbances in the wake of nearly 4 GW of data centers abruptly dropping off the grid when a nearby transmission line tripped in July. (See *Va. Data Center Ride-through Performance Faulted for July Voltage Disturbance*.)

The proposal would establish voltage and frequency ride-through envelopes limiting how much a large load can reduce its power draw during a system disturbance.

On the voltage side, power consumption would be required to hold steady during a disturbance when the per-unit system voltage is between 0.9 and 1.1 of nominal levels. It would be allowed to decrease proportional to the voltage drop at between 0.5 and 0.9 per unit of the nominal level, and if the voltage falls further, power could be reduced "as needed." Cooling load could be fully tripped offline at 0.35 per unit voltage.

Power would be required to return to at least 90% of its pre-disturbance draw within two seconds of the voltage recovering. Overcurrent would not be allowed to exceed 150% of maximum draw during a voltage sag.

If system frequency is between 58.8 and 61.2 Hz, large loads would be required to hold power constant. If the frequency goes between 57 and 58.8 Hz or 61.2 and 61.8 Hz, active power should remain within 10% of pre-disturbance levels.

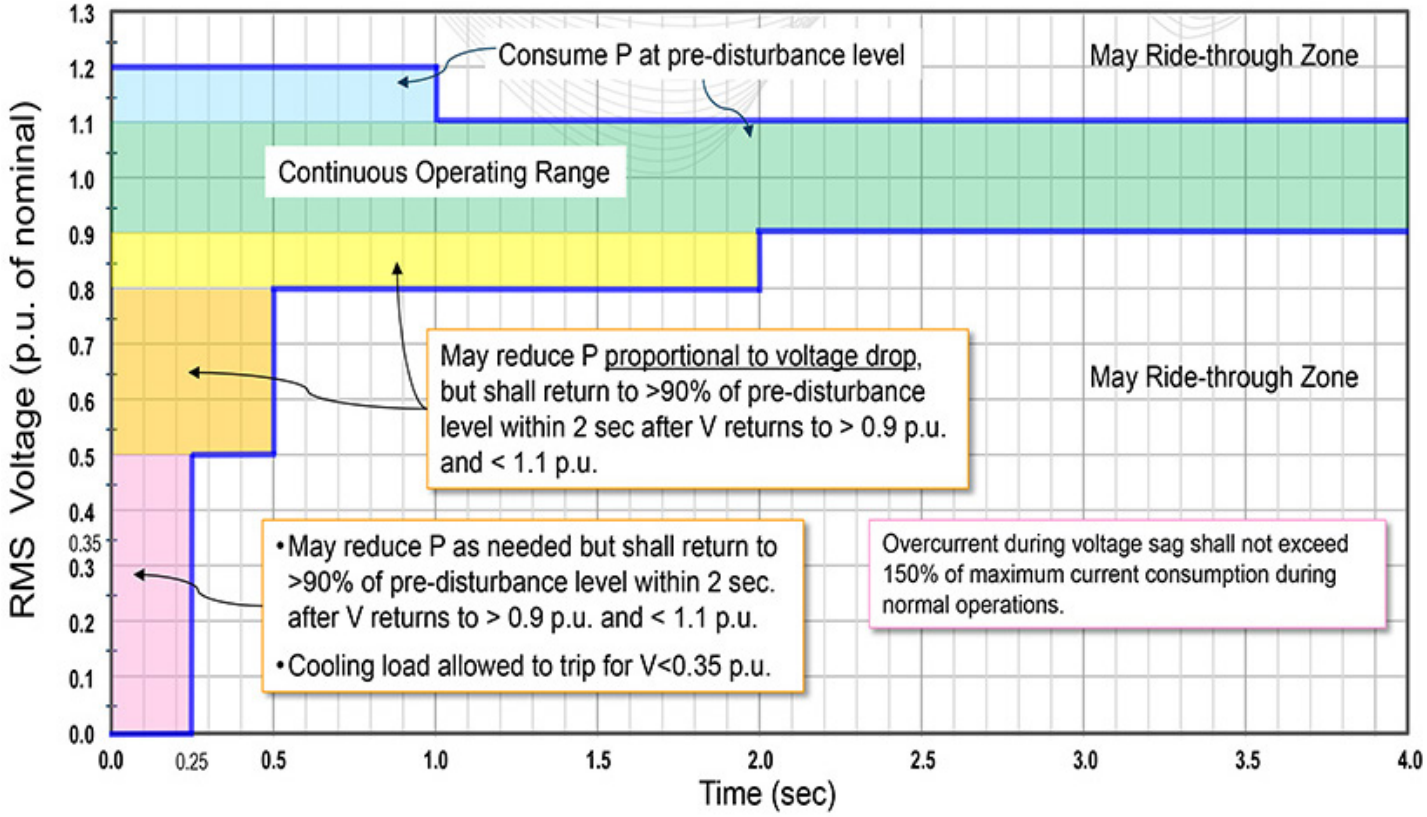
PJM plans to review draft manual and tariff language at the Oct. 6 Planning Committee meeting and create a large computational load ramp rate in the first quarter of 2027. Stakeholder endorsement of a package to file with FERC is envisioned in the third quarter of that year.

PJM's Byoungkon Choi noted the proposal is being developed as the RTO is working on its response to a FERC show-cause order addressing how PJM interconnects large loads (EL26-67). It requests PJM evaluate its rules for large load ride-through, ramp-rate limitations and load restoration behavior. (See *FERC Directs RTOs to Fix Large Load Interconnections as Answer to DOE ANOPR*.)

The RTO plans to respond to the order with a slate of proposed solutions in November.

Focus on ride-through requirements increased after several data centers switched to backup generation July 22 in the moments after a 230-kV line in northern Virginia tripped offline. The difference between generation and load, measured as the area control error (ACE), increased to 3,928 MW, while the system frequency jumped to 60.092 Hz. (See *Line Fault Causes 3 GW in Data Center Load to Drop in Virginia*.)

During an Aug. 6 Operating Committee meeting, PJM's Matthew Wharton said it was the largest load transfer the RTO had ever experienced, and it took nine minutes to bring the ACE back into NERC excursion limits. ■




A PJM graphic outlines its proposed ride-through requirements for large loads during a voltage disturbance. | *PJM*

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# States Dissatisfied with Endorsed Term Sheet of PJM Governance Changes

*By Devin Leith-Yessian*

PJM stakeholders have endorsed a term sheet of proposals drafted by a coalition of members to re-envision the RTO's governance and stakeholder process giving states more opportunity for input, but not to the satisfaction of several state and consumer advocate officials.

The coalition's proposal received 84.62% sector-weighted support at a special meeting of the PJM Markets Committee on Sept. 30, followed by 43.48% for the RTO's package and 27.36% support for the consumer advocates' proposal. (See *PJM Stakeholders Present Terms of Governance Changes*.)

The proposal now goes to the Board of Managers to determine how it will proceed amid the FERC mediation process focused on the effectiveness of PJM decision-making (AD26-7).

Constellation Vice President of Wholesale Market Development Adrien Ford said the terms would grant PJM more independence and the ability to make decisions on the fly without compromising on the effectiveness of those decisions. There would be a "meaningful and structured" opportunity for state participation in the stakeholder process, particularly with the expansion of membership in the Organization of PJM States Inc. to include state executive branches, additional funding to allow it to be more engaged and to introduce proposals. Board members would also be assigned to each of the member jurisdictions to meet with them as a sort of liaison.

The expanded filing rights would allow PJM to make Federal Power Act Section 205 filings related to the energy and ancillary service (EAS) markets, as well as transmission planning. The bar for FERC to reject a Section 205 filing is higher than with a Section 206 submission, requiring the commission to find it would result in unjust and unreasonable rates.

Much of the discussion on the coalition terms centered on the "jump ball" filing rights the members and states would have. If PJM made a Section 205 filing related to the EAS markets, the MC could vote on an alternative proposal that would be considered on equal footing by the commission. If PJM's filing related to resource adequacy, the states could request a jump-ball filing through OPSI.



Adrien Ford, Constellation Energy | © RTO Insider

The sticking point was that for an OPSI jump-ball filing to advance, the terms would require it to be approved by a sector-weighted supermajority of the MC, which several state representatives, public interest organizations and consumer advocates argued would make their new rights "illusory." Bringing a filing would require two-thirds of the states in OPSI to agree. The PJM and consumer advocate proposals would not require MC approval for a state jump-ball proposal.

Jacob Finkel, deputy secretary of policy for Pennsylvania Gov. Josh Shapiro, asked how the states would have jump-ball filing rights if their submission must be approved by the MC. The states have asked for a seat at the table and been offered a high chair in the corner, he said. "That's not a jump ball; that's just us giving you our idea and you deciding what to do with it."

Ford, who presented the member coalition term sheet, said the proposal would allow the states to initiate a filing, whereas they have no ability to begin the process now.

"That is a new and expanded option for the states," she said, adding that while the end result of an alternative filing may be the same, the origination is different between an OPSI and member jump ball.

Abe Silverman, director of the Center on Global Energy Policy's Non-Technical Barriers to the Clean Energy Transition initiative at Columbia University, said it seemed redundant to say there are two separate jump balls, one where the MC votes to file an alternative to a PJM Section 205 filing and another where the MC votes on an OPSI proposal as an alternative to a PJM filing.

Katherine Peretick, a member of the Michigan Public Service Commission and chair of the OPSI Governance Committee, said the goals of FERC's mediation

process was to enhance PJM's independence, create structured participation for the states and expand the RTO's decision-making capability. But, she said, the member coalition proposal would preserve and expand the power of PJM's membership. States are not simply another stakeholder, and they are not seeking to run or undermine PJM; they want a more independent RTO that can act on its expertise, she argued.

Gerit Hull, American Municipal Power's deputy general counsel for regulatory affairs, said one of the important legal facts around filing rights is that the MC collectively acting serves as the public utility through its position as part of PJM. There is a distinction between the MC deciding to take an action *versus* the Office of the Interconnection.

"The states obviously can't be a public utility," he said.

Speaking with *RTO Insider* following the vote, E-Cubed Associates President Paul Sotkiewicz argued the states are not seeking more independence for PJM but instead more authority over it. The states have repeatedly sought to "bully" PJM into making changes sought by the states, such as Shapiro pushing for a cap on capacity market prices, he argued.

The member coalition proposal would grant the states one seat on the PJM Nominating Committee, which identifies candidates to stand for election to the Board of Managers, fewer than the other term sheets. The consumer advocate proposal would set three aside for the states, while PJM would grant two seats to the states and add one for NERC.

## Changes to PJM Term Sheet

PJM replaced the two term sheets it presented during the Sept. 24 meeting with a proposal that would grant the states concurrent filing rights over the EAS markets, add the Independent Market Monitor to the proposed Joint Steering Committee (JSC) and removed an element to empower the RTO to revise Manual 34, which governs the stakeholder process.

The JSC would create an annual stakeholder priority plan each year; each term sheet would have one representative from each member sector, the MC chair and vice chair, and two OPSI representatives.

Stakeholders expressed concern at the Sept. 24 meeting that granting PJM control over the manual would usurp members' ability to determine how they interface with the RTO. Instead, PJM proposed to allow RTO staff to bring proposals to revise the language, which it currently cannot.

Public interest organizations requested to also be included on the JSC, and PJM initially accepted a friendly amendment to add them, but other stakeholders argued the amendments would cause the proposal to lose its status as having been submitted timely under the committee rules. Non-timely proposals are only voted on if all timely packages are rejected. The amendment was included in the consumer advocate as it was proposed.

Ford questioned whether the change could be made during the drafting of the governing document language even if it was not included in the term sheet, which PJM Executive Vice President Asim Haque said could be done. ■



# U.S. Battery Energy Storage System Additions Set Record

*By John Cropley*

A new report indicates that installed U.S. battery energy storage capacity jumped 20.2 GWh in this year's second quarter, the largest quarterly increase ever.

For the entire first half of the year, capacity additions were 23% higher than in 2025. The total capacity installed in 2026 is expected to reach 71 GWh.

In their storage market outlook published Sept. 1, the Solar Energy Industries Association and Benchmark Mineral Intelligence said the 18 GWh of new utility-scale facilities accounted for most of the capacity additions.

The remainder was behind-the-meter installations, most of them commercial and industrial, a sector that is growing with the data center sector. Residential battery energy storage system installations decreased after the federal Section 25D residential clean energy credit ended at the end of 2025.

The three states with the most installed utility-scale BESS — California (62 GWh), Texas (33.1 GWh) and Arizona (26.5 GWh) — have dominated capacity additions this year, with Arizona surpassing Texas to lead the U.S. in new capacity.

Batteries paired with solar generation accounted for 44% of utility-scale BESS additions in the second quarter; the rest were standalone batteries.

The authors highlight the competing factors influencing the U.S. BESS market in 2026:

- Tariffs have been imposed, removed and replaced with different tariffs.
- Project delays and cancellations shrank the BESS pipeline from about 90 GWh to about 75 GWh in the first six months of the year.
- Three of the five parts of FERC's show-cause orders to grid operators in June to revise their large load interconnection policies could benefit storage development.
- The removal of 25D is not expected to have a lasting impact on residential storage installation, as the pricing dynamics remain favorable even with the shift from a subsidy-driven market to one driven by third-party ownership.
- The rise in virtual power plants potentially changes the use model and economics for owners of residential batteries.
- The traditional use cases of BESS — load shifting and backup — offer a behind-the-meter opportunity for data center developers prioritizing speed to power; other roles can include ramp buffering, power smoothing, emissions reduction and bridge power while grid upgrades are underway.
- Battery cell and BESS system manufacturing capacity continues to ramp up, including through factories shifting from electric vehicle components to stationary systems and their components.
- BESS markets could become saturated with a resulting cannibalization of revenues.
- Permitting and interconnection for new utility-scale BESS projects is slowing and likely to get worse with a large data center buildout.
- A spate of data center delays and cancellations could reduce planned behind-the-meter BESS deployment.
- States appear to be split between courting and curbing data center development; the midterm elections could give a clearer sense of policy direction, and of the resulting effect on BESS development.



A battery energy storage facility is shown under construction in Arizona. | *Shutterstock*

The authors also note this year's spate of state-level announcements attempting to codify BESS policy with targets and incentive structures.

"Given the expected load growth across U.S. grids being driven by industries such as AI, we expect more of these announcements in future," they wrote. ■

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# ENERGIZING TESTIMONIALS



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