Monthly Retail Choice Regulatory Bulletin

CALPINE ENERGY SOLUTIONS

April 2025

Executive Summary & Introduction

1. MISO cleared its 2025/26 Planning Resource Auction at $666.50/MW-day for this summer and $217/MW-day annualized for the North/Central region, up ten times from $21/MW-day in the prior auction.
2. In a 4-0 decision, the FERC approved PJM's proposed capacity price "Shapiro collar" for its next two capacity auctions, with a price cap of $325/MW-day and floor of $175/MW-day for delivery years 2026/27 and 2027/28.
3. PJM announced the retirement of 411-MW, coal-fired Indian River Unit 4, currently operating under a Reliability Must-Run contract, in February 2025, 22 months ahead of schedule, after the required transmission upgrades are completed.
4. President Trump issued an executive order exempting 71 GW, or more than a third of U.S. coal-fired power plants, from the more stringent MATS rule that takes effect on July 8, 2027, for a two-year period.
5. The Department of Interior has directed BOEM to order the 810-MW Empire Wind 1 offshore wind project to cease all construction until further review.
6. The Commerce Department has finalized tariffs on imports of solar panels from four Southeast Asian countries, in connection with a complaint filed last year by major U.S.-based solar manufacturers.
7. The New England ISO issued an RFP to address the region's longer-term transmission needs, aimed at upgrading the electric system between anticipated wind generation in northern Maine and demand centers to the south.
8. FERC has approved both the New York and New England ISOs' proposals on how to collect Canadian tariffs on electricity imports, should they be required to do so.
9. Willie Phillips, FERC commissioner and former chair, has resigned, leaving two Democrats and two Republicans at the agency.

1.1 Assessment Approach

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

Potential Financial Impact to Customer(s):

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

Magnitude of Risk to Customer(s):

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

2.0 Overall Assessment

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

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

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

2.1 Policy

<table>
<tr><th>Issue#</th><th>Rating</th><th>Issue</th><th>Impact</th><th>Action/Result</th></tr>
<tr>
<td>2.1a U.S.</td>
<td>$-</td>
<td> By executive order, President Trump exempted about 71 GW, or more than a third of U.S. coal-fired power plants, from the more stringent Mercury and Air Toxics Standards (MATS) rule that takes effect on July 8, 2027, for a two-year period, stating the control equipment required to reduce emissions is not yet commercially available. Trump also invoked national energy security.
The exemption is only effective for the period July 8, 2027 to July 8, 2029, during which time the exempted coal plants must meet the then-current MATS rule.
UD: Trump exempts more than a third of US coal capacity from updated mercury, air toxics rule </td>
<td> See the table below for a few of the largest exemptions:
<table>
<tr><th>Company</th><th>Coal Plant Exemptions (GW)</th></tr>
<tr><td>Southern Company</td><td>11.3</td></tr>
<tr><td>NRG</td><td>7.1</td></tr>
<tr><td>TVA</td><td>6.7</td></tr>
<tr><td>PSEG and others, Key-stone-Conemaugh in PA</td><td>3.8</td></tr>
<tr><td>Ameren Missouri (two plants)</td><td>3.5</td></tr>
<tr><td>FirstEnergy Monongahela in WV</td><td>3.2</td></tr>
</table></td>
<td> This is bearish for energy prices for the two delivery years, 2027/28 and 2028/29.
According to FERC, 6.8 GW of coal plants retired in 2024 and another 7.4 GW is expected to retire this year. Coal-fired capacity has fallen 45% since its peak in 2013, while coal-fired electricity volume dropped 62% during that period. </td>
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<tr>
<td>2.1b ISO-NE/ NYISO</td>
<td>$+</td>
<td> FERC has approved both NYISO and ISO-NE's proposals on how to collect Canadian tariffs on electricity imports beginning March 2025 (see our March Regulatory Bulletin, Sec. 2.1c related to their filings).
However, this does not mean either ISO will actually do so, as it is still unclear whether electricity is covered under the Trump executive order.
FERC issues orders in Docket No. ER25-1445 (ISO-NE) and Docket No. ER25-1462 (NYISO) </td>
<td> At the Participants Committee meeting in early April, ISO-NE's General Counsel, Maria Gulluni, indicated that a preliminary review of the import tariffs and other materials released by the Trump administration in the prior week indicated that electricity was not included in the duties. She said that ISO-NE is cautiously optimistic that the duties will not apply to Canadian power imports. </td>
<td> Both New York and New England ISOs are now prepared to collect the duties if required to do so but are waiting for clarification. </td>
</tr>
</table>

2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
2.1c U.S.	$+	**The U.S. Commerce Department has finalized tariffs on imports of solar panels from four Southeast Asian countries, in connection with a complaint filed last year by major U.S.-based solar manufacturers** *(see our October 2024 Regulatory Bulletin, Sec.2.1b).* The Commerce Department determined that solar cells from Cambodia, Malaysia, Thailand and Vietnam were being "dumped" into the U.S. market at artificially low prices and their manufacturers benefited from unfair Chinese government subsidies. The tariffs varied widely depending on the company and country, ranging from 41% on Jinko Solar products from Malaysia and over 375% on those from Trina Solar in Thailand. TD: US government finalizes tariffs on Southeast Asian imports	Solar panels and components from Cambodia were hit with duties of more than 3,500% because their producers chose not to cooperate with the American investigation. The tariffs are the final determinations in two trade complaints filed last year by the American Alliance for Solar Manufacturing Trade Committee, representing several major U.S.-based solar equipment manufacturers including Hanwha Qcells USA and First Solar. The first complaint claimed that solar imports from the four Southeast Asian countries were unfairly benefiting from Chinese government aid. The second accused these companies of flooding the US. Market with unfairly priced goods.	In 2023, Cambodia, Malaysia, Thailand and Vietnam exported almost $12 billion worth of solar panels and related components to the U.S., accounting for 80% of total U.S. imports of these goods. The tariffs will go into effect after the International Trade Commission votes on whether the industry was materially harmed by the dumped and subsidized imports, to be conducted by June 2.

2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2a MISO	$+	**MISO's 2025/26 Planning Resource Auction (PRA) cleared at $666.50/MW-day for the summer period across all zones. Spring prices cleared at $69.88/MW-day, winter at $33.20/MW-day, while fall prices cleared at $91.60/MW-day and $74.09/MW-day in the North/Central and South regions, respectively** *(see the table below for a comparison of capacity clearing prices for 2025/26 and 2024/25).* On an annualized basis, capacity prices cleared at $217/MW-day for the North/Central region and $212/MW-day for the South.	These prices reflect a significant increase in capacity costs, partly due to declining surplus capacity as power plant retirements continue. This is the first time MISO used a reliability-based demand curve (RBDC), intended to more accurately reflect the increasing value of accredited capacity as the system approaches minimum resource adequacy targets. **Reserve margins decline** The auction leaves the North/Central region with a 10.1% reserve margin for the summer and the South with 8.7%. Surplus capacity in the summer fell to about 2.6 GW from 4.6 GW last year. About 9.1 GW of solar and 6 GW of wind cleared the auction, up from 4.9 GW and 5.2 GW, respectively, a year ago. About 4.3 GW of behind-the-meter generation cleared for the summer season, up from 4.1 GW a year ago, and 9 GW of demand response cleared, up from 8.1 GW in 2024.	Several factors have contributed to the high prices. **Declining capacity:** MISO's UCAP/ISAC ratio, which represents the available capacity compared to the capacity needed, has dropped. This means that retirements and a lack of new capacity additions have reduced the amount of available generation. **Power plant retirements:** Power plant retirements, especially in specific zones like Zone 5, have contributed to supply shortfalls, leading to higher prices. **Increased demand:** MISO anticipates an increase in demand, including new large load additions, further stressing the need for new capacity. **New capacity additions not keeping pace:** The additions of new capacity, primarily from solar generation, have not kept pace with retirements and accreditation decreases. **MISO said, *"the results reinforce the need to increase capacity, as demand is expected to grow with new large load additions."*** [MISO: Planning Resource Auction Results for Planning year 2025-26]

Table: MISO Planning Resource Auction

	2024/25		2025/26	
($/MW-day)	Subregion or Zone		Subregion or Zone	
Season	All Zones excluding Zone 5	Zone 5	North/ Central (Zones 1-7)	South (Zone 8-10)
Summer	$30.00 (all zones)		$666.50 (all zones)	
Fall	$15.00	$719.81	$91.60 (all zones in subregion)	$74.09 (all zones in subregion)
Winter	$0.75 (all zones)		$33.20 (all zones)	
Spring	$34.10	$719.81	$69.88 (all zones)	
Annualized	$21 (all zones excluding Z5)	$368	$217 (all zones in subregion)	$212 (all zones in subregion)

2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2b PJM	$-	**In a 4-0 decision, the FERC approved PJM's proposed capacity price collar for its next two capacity auctions. The "Shapiro collar", with a price cap of $325/MW-day and floor of $175/MW-cap for delivery years 2026/27 and 2027/28, grew out of settlement discussions with Pennsylvania Gov. Shapiro, D, who filed a complaint at FERC in December seeking to lower the price cap which would have been around $500/MW-day.** PA: FERC approves Governor Shapiro's settlement with PJM to prevent unnecessary price hikes and save consumers over $21 billion on utility bills	Shapiro, like other governors, lawmakers and consumer advocates in PJM's Mid-Atlantic and Midwest states are concerned about electric bill increases set to take effect June 1. The pending bill increases, estimated at around 20% are driven by PJM's capacity price for delivery year 2025/26 which cleared at $270/MW-day, up from $29/MW-day in the previous auction. PJM contends the capacity price collar responds to converging trends, including rapid load growth, power plant retirements, and state and federal policies.	FERC said the price collar proposal represents a "balanced approach" that improves short-term cost certainty for electricity consumers and revenue certainty for capacity resource owners. FERC dismissed arguments that the price collar will harm long-term investment in PJM's generation resources by raising concerns that high capacity prices will trigger market interventions that lower the prices. The agency also dismissed concerns that the price cap is too low, causing resources to retire.
2.2c PJM	$-	**PJM announced that 411-MW, coal-fired Indian River Unit 4 in southern Delaware, owned by NRG, can be shut down two years ahead of schedule without negative impacts to grid reliability.** NRG in June 2021 told PJM it wanted to retire Indian River 4 by June 2022. PJM conducted an analysis which found that its retirement would cause reliability issues for the grid. Powermag: Coal-fired Delaware plant will close two years early	PJM identified several transmission upgrades to address those issues and estimated the upgrades to be completed by December 2028. NRG continued to operate Indian River 4 under a Reliability Must-Run (RMR) contract while the transmission upgrades were being completed by Delmarva Power.	The Reliability Must-Run contract will end in February 2025, twenty-two months ahead of schedule, saving an estimated $93 million in RMR costs.

Back to Top

2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2d NYISO		**The U.S. Department of the Interior has directed the Bureau of Ocean Energy Management (BOEM) to order the 810-MW Empire Wind 1 offshore wind project to cease all construction until further review.** Interior Secretary Burgum alleged that the project was *"rushed through by the prior administration without sufficient analysis or consultation among the relevant agencies as relates to the potential effects from the project."* The construction will remain halted until *"further review is completed to address these serious deficiencies."* AP: Trump administration issues order to stop construction on New York offshore wind project	In January, President Trump issued an executive order that withdrew all federal waters from offshore wind leasing and paused permitting, approvals and loans for all onshore and offshore wind projects until the completion of a six-month review of offshore wind from Burgum *(see our January 2025 Regulatory Bulletin, Sec. 2.1b).*	BOEM approved Empire Wind 1's construction and operations plan in February, one of the final steps in the process of authorizing an offshore wind project.

2.3 Transmission

Issue#	Rating	Issue	Impact	Action/Result
2.3a ISO-NE	$+	**The New England ISO issued a request for proposal (RFP) to address the region's longer-term transmission needs, aimed at upgrading the electric system between anticipated wind generation in northern Maine and demand centers to the south.** The ISO said it issued the RPF at the direction of the New England States Committee on Electricity (NESCOE). Proposals are due in September and after evaluation by the ISO, a preferred solution may be selected by NESCOE as early as September 2026. ISO-NE issues request for proposals for transmission solutions	Project proposals must increase the amount of power that can flow across the Maine-New Hampshire and Surowiec-South transmission interfaces and develop new infrastructure around Pittsfield, Maine that could accommodate the interconnection of 1,200 MW of land-based wind generation, with a preferred in-service date on or before December 31, 2035.	Massachusetts Gov. Healey praised the RFP. This is the first transmission procurement in New England at the states' request.

2.6 Industry Development

Issue#	Rating	Issue	Impact	Action/Result
2.6a FERC		**Willie Phillips, FERC commissioner and former chair, has resigned from the agency, giving President Trump a vacant seat to fill.** Phillips' term was set to end on June 30, 2026. His resignation leaves FERC with two Democrats and two Republicans. Phillips, D, was sworn in as a FERC commissioner on December 3, 2021, and served as chair from January 3, 2023 until January 20, 2025. UD: Phillips exits FERC, leaving a seat for Trump to fill	Phillips prioritized grid reliability, transmission expansion and environmental justice and equity during his tenure. Under his leadership, FERC issued key rulemakings on grid interconnection reform and transmission planning and cost allocation. Republican candidates to replace Phillips will likely come from a pool of conservative lawyers with FERC experience.	Current chairman Christie's future is uncertain, whose term ends in June. If he is not renominated, he can continue working at the agency through this Congressional session which will likely end in early January. FERC is critical to the Trump administration's energy agenda and has not been the target of White House-ordered firings.

3.0 Contact Information

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Public/ISO Regulatory Contacts:

- PJM - http://pjm.com/about-pjm/who-we-are/contact-us.aspx
- MISO - https://www.misoenergy.org/AboutUs/ContactUs/Pages/ContactUs.aspx
- NEISO - http://iso-ne.com/contact/contact_us.jsp
- NYISO - http://www.nyiso.com/public/markets_operations/services/customer_support/index.jsp
- ERCOT - http://ercot.com/about/contact/
- CAISO - http://www.caiso.com/Pages/ContactUs.aspx
- Public Utilities Commission - http://www.naruc.org/commissions/

Back to Top