

## Executive Summary & Introduction

1. The White House in its 2026 budget proposal seeks to [cut \\$19.3 billion from the Department of Energy's budget](#) by making cuts in funding for the Infrastructure Investment and Jobs Act and Office of Energy Efficiency and Renewable Energy, among others.
2. The U.S. Department of Energy issued an emergency order directing Consumers Energy to [delay shutting down 1.6-GW, coal-fired J.H. Campbell](#) power plant in Michigan in MISO by about 90 days beyond its intended retirement date to enhance reliability during this summer.
3. The U.S. grid is flooded with [data center proposals that will never get built](#) due to duplicate and speculative projects.
4. The U.S. Department of Interior has [lifted its stop work order on the 810-MW Empire Wind 1](#) offshore wind project, under an "agreement" with New York state that could possibly bring back the Constitution natural gas pipeline.
5. PJM selected [51 projects totaling 11.8 GW](#), including 8.1 GW of gas-fired resources, under its Resource Reliability Initiative that will come online 18 months faster than had they gone through the normal process.
6. FERC [rejected MISO's Expedited Resource Addition Study \(ERAS\)](#) proposal to fast-track new generation interconnections, stating that it lacked limits on the number of project that could be considered.





## 1.1 Assessment Approach

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

### Potential Financial Impact to Customer(s):

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

## Magnitude of Risk to Customer(s):

Symbol	Description	Description
	Major Impact	Represents a regulatory or policy change that is in the <u>process of being enacted</u> by Regulators (i.e., PUC, ISO, FERC, EDC) and is expected to result in a meaningful increase in cost(s) to load; likely require immediate action.
	Medium Impact	Represents a regulatory or policy change that is in the <u>proposal process</u> and being sponsored by one or more ISO stakeholders. Most of these Risk's will likely be elevated to RED. Medium Impact issues will require involvement but we expect to have time to coordinate load on these type(s) of issues.
	Actively Monitor	Represents regulatory, 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.


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## 2.1 Policy

Issue#	Rating	Issue	Impact	Action/Result
<b>2.1a DOE</b>	 \$-	<p>The White House in its 2026 budget proposal seeks to cut \$19.3 billion from the Department of Energy's budget by eliminating \$15.2 billion from the Infrastructure Investment and Jobs Act (IIJA) funding, \$2.6 billion from the Office of Energy Efficiency and Renewable Energy, \$1.1 billion from the Office of Science, and \$389 million from the Office of Environmental Management.</p> <p><a href="#">UD: Trump proposes slashing DOE budget by \$19.3B</a></p>	<p>Additionally, the White House proposes to cancel the Carbon Dioxide Transportation Infrastructure Finance and Innovation Act.</p> <p>The proposed cuts and cancellations would not impact any currently awarded projects.</p>	<p>The budget proposal reduces DOE's budget, excluding the National Nuclear Security Administration (NNSA), by 18.2%, while increasing the NNSA budget by 25%. Overall, DOE funding would be reduced by 9.4%.</p>
<b>2.1b DOE/ MISO</b>		<p>The U.S. Department of Energy (DOE) issued an emergency order directing Consumers Energy to delay shutting down 1,560-MW coal-fired J.H. Campbell power plant in West Olive, Michigan by about 90 days past its intended retirement date of 5/31/2025, to enhance reliability during this summer.</p> <p>Campbell power plant generated 6.6 million MWh in 2023, making it Michigan's eighth biggest power supplier that year, down from 7.7 million MWh in 2022.</p> <p><a href="#">Power: DOE issues rare emergency order to delay Michigan coal plant retirement amid MISO grid risk</a></p>	<p>DOE cited NERC's 2025 Summer Reliability Assessment which reported that MISO faces an elevated risk of power outages during high demand periods this summer, as well as the ISO's high capacity auction prices for DY 2025/26.</p> <p>The Federal Power Act's section 202c gives the DOE secretary the authority to temporarily order power plants to operate during wars and emergencies. It has been used 16 times since August 2020, according to the agency.</p>	<p>DOE Secretary Wright ordered MISO to dispatch Campbell power plant economically to minimize ratepayer costs. Consumers Energy plans to comply with the DOE order and is working to determine appropriate cost recovery.</p> <p>In January, President Trump declared that the U.S. faces an "energy emergency" (<a href="#">see our January Regulatory Bulletin, Sec. 2.1a</a>).</p>


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## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
2.2a U.S.		<p>The U.S. grid is flooded with data center proposals that will never get built. According to Astrid Atkinson, former Google senior director of software engineering, there are five to ten times more interconnection requests than data centers actually being built. Some requests are duplicates, many are speculative or “phantom data centers”.</p> <p>Microsoft, Meta, Amazon, and Google propose several times more projects than they need to mitigate uncertainty around power availability and permitting at any given site.</p> <p>At the high end of AI power consumption projections, RAND Corporation forecasts 347 GW by 2030. Schneider Electric projects a far more modest forecast of 34 GW under a sustainable scenario that balances AI growth with grid stability.</p> <p><b>According to an EPRI survey of 25 utilities, 10 utilities said aggregate data center requests accounted for 50% or more of present peak load, but none truly believed those forecasts.</b></p> <p>According to GE Vernova, data center customers account for about a third of its gas turbine reservation pipeline.</p> <p><a href="#">UD: a fraction of proposed data centers will get built</a></p>	<p>On the other hand, many previously announced high profile data centers are being canceled. Microsoft abandoned up to 2 GW of data center capacity reservations since January.</p> <p>Forecasting data center demand growth is difficult because data center developers typically conceal their activities for competitive reasons. It will be even more complicated going forward as more developers move toward behind-the-meter power generation sources. For example:</p> <ul style="list-style-type: none"> <li>• <a href="#">Elon Musk’s Memphis-area xAI hub, where its Grok model trains, runs 35 gas turbines behind the meter.</a></li> <li>• <a href="#">Liberty Energy could eventually deliver 1 GW of off-grid, gas-fired generation to data centers at a planned business park near Pittsburgh.</a></li> </ul> <p>The variance and difficulty forecasting AI power demand presents a fundamental challenge to utilities, RTOs, and regulators. Excess interconnection requests deplete utilities’ limited study resources, cause delays for others in the interconnection queue and distort long-range resource planning, raising the risk of costly system overbuilding.</p>	<p>Utilities have an obligation to serve and are trying to standardize large-load interconnection processes in order to speed up the process. Others are asking for bigger financial commitments upfront and state policymakers help. Dominion Energy, Appalachian Power, and Rappahannock Electric Cooperative all proposed new large-load rate classes for data centers.</p> <p>Former FERC Commissioner Clements has proposed standardized interconnection queues across utilities within the same planning region with anonymized visibility into queued projects’ attributes and status.</p> <p>Former Texas PUC commissioner Rabago says that so long as it’s cheaper to buy a queue position than not to use your queue position, the developer will always buy the queue position. To mitigate this, Rabago proposes a “reverse auction” mechanism to bring on the data centers that require the lowest level of resources to connect to the grid.</p>



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2.2b PJM	  \$-	<p><b>PJM, under its Resource Reliability Initiative (RRI), has selected 51 projects totaling 11.8 GW—providing 9.4 GW of unforced capacity, or UCAP as measured by their marginal ELCC method—to join a fast-track interconnection review process.</b></p> <p>Based on MWs, gas-fired generation accounted for 69% of the selected projects, battery storage at 19%, nuclear at 12%, and coal at 0.1%. The projects consist of 39 uprates to existing power plants and 12 new power facilities (see Table 1 at top right).</p>	<table><tr><th colspan="3">Table 1: RRI Selected Resources</th><th colspan="3"></th></tr><tr><th>Fuel</th><th>Uprates (MWE)*</th><th>No. of Projects</th><th>New Construction (MWE)*</th><th>No. of Projects</th><th>Combined Total</th></tr><tr><td>Battery</td><td>0</td><td>0</td><td>2,275</td><td>5</td><td>2,275</td></tr><tr><td>Coal</td><td>14</td><td>1</td><td>0</td><td>0</td><td>14</td></tr><tr><td>Gas CC</td><td>1,613</td><td>20</td><td>6,143</td><td>6</td><td>7,756</td></tr><tr><td>Gas CT</td><td>365</td><td>13</td><td>0</td><td>0</td><td>365</td></tr><tr><td>Nuclear</td><td>496</td><td>4</td><td>887</td><td>1</td><td>1,383</td></tr><tr><td>Onshore Wind**</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td></tr><tr><td>TOTAL (Energy)</td><td>2,488</td><td>39</td><td>9,305</td><td>12</td><td>11,793</td></tr><tr><td>TOTAL (UCAP)</td><td>2,108</td><td></td><td>7,253</td><td></td><td>9,361</td></tr></table> <p>*Megawatts energy (MWE) reported in submitted summer values **Onshore wind is a ~20 MW increase in Capacity Interconnection Rights (CIR) only.</p>	Table 1: RRI Selected Resources						Fuel	Uprates (MWE)*	No. of Projects	New Construction (MWE)*	No. of Projects	Combined Total	Battery	0	0	2,275	5	2,275	Coal	14	1	0	0	14	Gas CC	1,613	20	6,143	6	7,756	Gas CT	365	13	0	0	365	Nuclear	496	4	887	1	1,383	Onshore Wind**	0	1	0	0	0	TOTAL (Energy)	2,488	39	9,305	12	11,793	TOTAL (UCAP)	2,108		7,253		9,361	
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<p>PJM expects 90% of the projects will be operating by 2030. (For reference, see the PJM market monitor data in Table 2 at lower right on the ISO's current existing capacity.)</p> <p>These projects, selected out of 94 applications totaling 26.6 GW, will be added to the just-started interconnection Transition Cycle 2 process, which contains about 550 projects totaling 50 GW of nameplate capacity.</p> <p>PJM stated that the RRI projects will come online about 18 months earlier than had they gone through the normal interconnection process.</p> <p><a href="#">PJM chooses 51 generation resource projects to address near-term electricity demand growth</a></p>	<table><tr><th colspan="3">Table 2: Current PJM Capacity (GW)</th></tr><tr><th>Resource Type</th><th>GW</th><th>% of Total</th></tr><tr><td>Gas-fired</td><td>88.8</td><td>49.4%</td></tr><tr><td>Coal-fired</td><td>37.8</td><td>21.0%</td></tr><tr><td>Nuclear</td><td>32.2</td><td>17.9%</td></tr><tr><td>Hydro</td><td>7.7</td><td>4.3%</td></tr><tr><td>Solar</td><td>5.0</td><td>2.8%</td></tr><tr><td>Oil</td><td>4.0</td><td>2.2%</td></tr><tr><td>Wind</td><td>3.6</td><td>2.0%</td></tr><tr><td>Battery Storage</td><td>0.02</td><td>0.0%</td></tr><tr><td>Other</td><td>0.58</td><td>0.3%</td></tr><tr><td></td><td>179.7</td><td>100.0%</td></tr></table>	Table 2: Current PJM Capacity (GW)			Resource Type	GW	% of Total	Gas-fired	88.8	49.4%	Coal-fired	37.8	21.0%	Nuclear	32.2	17.9%	Hydro	7.7	4.3%	Solar	5.0	2.8%	Oil	4.0	2.2%	Wind	3.6	2.0%	Battery Storage	0.02	0.0%	Other	0.58	0.3%		179.7	100.0%	<p>FERC had approved PJM's RRI proposal in February (<a href="#">see our February Regulatory Bulletin, Sec. 2.2a for more</a>).</p> <p>PJM has been warning that it faces looming power supply shortfalls as its supply isn't keeping up with demand, which was reflected in the \$270/MW-day clearing price in its last capacity auction for DY 2025/26.</p> <p>However, many stakeholders, including various companies, state officials, and organizations contend that RRI discriminates against proposed power projects that have been waiting in PJM's interconnection queue.</p>																										
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## 2.2 Capacity / System Reliability

Issue#	Rating	Issue	Impact	Action/Result
<b>2.2c MISO</b>		<p><b>FERC rejected MISO's Expedited Resource Addition Study (ERAS) proposal to fast-track new generation interconnections stating that it lacked limits on the number of projects that could be considered.</b></p> <p><a href="#">(See our March Regulatory Bulletin, Sec. 2.2c for more on ERAS.)</a></p> <p>Renewable energy stakeholders criticized ERAS as being too complex and unwieldy.</p> <p><a href="#">REW: FERC rejects MISO's ERAS proposal but offers specific guidance for refiling</a></p>	<p>Under ERAS, MISO said it could address urgent resource adequacy and reliability needs by studying projects serially each quarter to grant expedited interconnection agreements within 90 days.</p> <p>However, FERC stated that because ERAS lacks limits on the number of projects, it could result in a queue with processing times that are too long to meet MISO's resource adequacy and reliability needs.</p>	<p>MISO said they expect this summer's peak demand to reach 123 GW, with 138 GW of available generation to supply that demand.</p> <p>MISO is reviewing FERC's decision and will likely refile a revised ERAS proposal.</p>
<b>2.2d NYISO</b>		<p><b>The U.S. Department of the Interior has lifted its stop work order, issued April 16, on the 810-MW Empire Wind 1 project offshore New York, allowing construction to resume.</b></p> <p><a href="#">(See our April Regulatory Bulletin, Sec. 2.2d for more on the stop work order.)</a></p> <p>Equinor, the project developer, had been under severe financial pressure facing \$50 million in stoppage costs per week and was days away from terminating the project.</p> <p><a href="#">Reuters: US lifts ban on New York offshore wind project after natgas pipe compromise</a></p>	<p>Interior Secretary Burgum stated that he is "encouraged by Gov. Hochul's comments about her willingness to move forward" on critical natural gas pipeline infrastructure development.</p> <p>For her part, Hochul "reaffirmed that New York will work with the Administration and private entities on new energy projects that meet the legal requirements under New York law."</p>	<p>The agreement between Interior and New York could revive plans to build the proposed Constitution natural gas pipeline from Pennsylvania to New York, which was canceled in 2020 after years of regulatory and legal battles over environmental concerns.</p> <p>Williams Cos, one of Constitution Pipeline's JV partners, is now reconsidering plans for the pipeline.</p>

## 3.0 Contact Information

### Calpine Energy Solutions Regulatory Contacts:

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- Greg Bass, Regulatory Policy, West, 619-684-8199 (office)
- Wyatt Elbin, Regulatory Strategy & Analysis, 419-348-4057 (mobile)
- Jung Suh, ISO & RPS Analytics, 610-717-6472 (mobile)

### Public/ISO Regulatory Contacts:

- PJM - <http://pjm.com/about-pjm/who-we-are/contact-us.aspx>
- MISO - <https://www.misoenergy.org/AboutUs/ContactUs/Pages/ContactUs.aspx>
- NEISO - [http://iso-ne.com/contact/contact\\_us.jsp](http://iso-ne.com/contact/contact_us.jsp)
- NYISO - [http://www.nyiso.com/public/markets\\_operations/services/customer\\_support/index.jsp](http://www.nyiso.com/public/markets_operations/services/customer_support/index.jsp)
- ERCOT - <http://ercot.com/about/contact/>
- CAISO - <http://www.caiso.com/Pages/ContactUs.aspx>
- Public Utilities Commission - <http://www.naruc.org/commissions/>

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