Executive Summary & Introduction

1. The governors of thirteen PJM states threatened to pull out of the RTO unless states are given a role in governing the organization. Meanwhile, PJM marked the completion of Transition Cycle 1 Interconnection Studies, sending out draft agreements for 130 New Service Requests. The RTO membership elected Robert Ethier and Le Xie to serve three-year terms on the PJM Board of Managers.

2. In the Pacific Northwest, FERC ruled on Portland General Electric and PacifiCorp's Extended Day-Ahead Market (EDAM) tariffs. The Northwest and Intermountain Power Producers Coalition filed a motion requesting the Oregon Public Utility Commission clarify the penalty amounts an Electric Service Supplier would incur for failing their resource adequacy obligations.

3. The California legislature passed CAISO Regionalization bill, AB 825, which authorizes the CAISO to implement tariff modifications in order to operate the energy markets whose rules are governed by an independent regional organization that is extra-territorial to California.

4. The U.S. Department of Transportation is withdrawing or terminating $679 million in funding for 12 port and infrastructure upgrades that would support offshore wind projects.

5. Construction work will resume on the 700-MW Revolution Wind project offshore Rhode Island, after a judge granted the project a preliminary injunction against the Trump administration's August stop-work order.

6. The Tennessee Valley Authority signed an agreement with ENTRA1 Energy to develop up to 6 GW of new nuclear power in the largest U.S. small modular reactor (SMR) deployment to date.

7. Blackstone Energy Transition Partners has acquired a 620-MW, natural gas-fired, combined cycle power plant in Western Pennsylvania for nearly $1 billion.

1.1 Risk 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 Customers:

$+ Signifies potential increase in costs

$− Signifies potential decrease in costs

Magnitude of Risk to Customer(s):

Symbol	Impact	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.

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

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

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

2.1 Policy

Issue #	Rating	Issue	Impact	Action/Result
2.1a PJM		**The governors of thirteen PJM states threatened to pull out of the RTO unless states are given a role in governing the organization.** The PJM states currently have representation at the RTO through the Organization of PJM States, Inc. (OPSI), but the governors appear to seek a more formal role. PJM runs the grid and wholesale power markets across 13 Mid-Atlantic and Midwest states and the District of Columbia, covering 67 million people. Governors have focused on PJM since capacity auction prices spiked in the auction held in July 2024 for DY 2025/26 and again in July 2025 for DY 2026/27, leading to double digit electric bill increases in some states. The jump in capacity prices is partly driven by PJM"s forecast for data center additions in parts of its footprint. CM: Why states are threatening to leave PJM—and why they probably won't	In a September 10 letter to the PJM board, a bipartisan group of governors called for increased state representation at PJM, increased focus on consumer interests, reforms to the grid operator's stakeholder processes, and a role in selecting board members. *At the heart of the matter, it appears the states may be seeking section 205 rights under the Federal Power Act to file PJM-related proposals at the FERC and a role in selecting board members.* **PJM has indicated it is open to discussions with the states.** Electric Power Supply Association (EPSA) stated that giving states a bigger role at PJM will lead to *"red tape, gridlock, and a stifling of critically needed investment."*	Eleven PJM states, including DE, IL, IN, MD, MI, OH, PA, NJ, NC, TN, and VA, plan to form a "governors' collaborative" to work on PJM issues. In response, PJM CEO Asthana said that states need infrastructure siting and permit reform to make sure the grid has enough power to meet their needs. He also said that states can control cost allocation at the retail level and manage risk through proactive default service auctions that protect ratepayers from potentially volatile spot energy prices. Washington Analysis researcher Rains is doubtful that states will follow through and leave PJM, because doing so would likely cost customers more.

2.1 Policy

Issue #	Rating	Issue	Impact	Action/Result
2.1b OR		**At the end of August, the Northwest and Intermountain Power Producers Coalition filed a Motion in UM 2143 requesting the Oregon Public Utility Commission (Commission) clarify the penalty amounts an Electric Service Supplier would incur for failing their resource adequacy obligations when a "best effort" was made to procure the compliance product.** Also, as part of this Motion, a request was made for the Commission to reconsider resource adequacy be part of the investor-owned utility obligation for direct access customers.	The Commission left penalty amounts for failing the Commission's resource adequacy obligations undefined but tied it to the extreme penalty levels adopted by the Western Resource Adequacy Program. This Motion is an attempt to develop more detail around the Commission's penalty levels so that failure to procure resource adequacy for future time periods has a defined penalty amount.	Please contact your sales representative to obtain additional information.
2.1c OR		**Also, at the end of August, the Federal Energy Regulatory Commission ruled on Portland General Electric and PacifiCorp's Extended Day-Ahead Market (EDAM) tariffs.** A key change that will impact direct access customers is the Reserve Sufficiency Evaluation. The cost of this new charge will depend on whether Calpine Solutions can procure a shaped hourly energy product and the load shape of the customer. EDAM is anticipated to begin sometime in the 2nd quarter of 2026.	Calpine Solutions is currently evaluating whether a shaped hourly energy product can be procured from the NW energy markets.	Please contact your sales representative to obtain additional information.

2.1 Policy

Issue #	Rating	Issue	Impact	Action/Result
2.1d CAISO	●	**The immortal words of Mark Twain, *"the rumors of my death are greatly exaggerated,"* can be applied to the California Independent System Operator (CAISO) Regionalization bill (AB 825) which passed at the close of this year's California Legislative Session.** AB 825 replaced a previous regionalization bill, SB 540, which had become problematic. AB 825 authorizes the CAISO, on or after January 1, 2028, to implement tariff modifications in order to operate the energy markets whose rules are governed by an independent regional organization that is extra-territorial to California.	AB 825 authorizes the CAISO to participate in a regional governance structure for its future extended day-ahead market and is critical to allowing for the CAISO to participate in a broader regional market in states neighboring California.	Please contact your sales representative to obtain additional information.

2.2 Capacity / System Reliability

Issue #	Rating	Issue	Impact	Action/Result
2.2a PJM	$–	**PJM marked the completion of Transition Cycle 1 Interconnection Studies, sending out draft agreements for 130 New Service Requests to be completed or withdrawn by year's end.** The agreements represent 128 new generation service requests for a combined 17.4 GW, including 8.4 GW of capacity, comprised of 56% solar, 25% wind, 10% storage, 5% hybrid and 3% natural gas-fired generation. The studies also include two merchant transmission projects totaling 2 GW of interregional transfer capacity. PJM: PJM completes Interconnection Reform Transition Cycle 1 studies	*These new service requests now enter the final Decision Point of the Cycle, in which they must post full security to move forward. PJM believes that the reformed interconnection process is filtering out nonviable projects and providing more certainty on the network upgrades needed to connect projects.* PJM began transitioning to a new, improved generation interconnection process in July 2023. Since then, PJM has studied approximately 160 GW of generation interconnection projects. The transition queue has been reduced to 46 GW, all of which will be processed by the end of 2026 in Transition Cycle 2.	**Going forward, the processing time for issuing a Generation Interconnection Agreements (GIA) will be one to two years.** Outside of Transition Cycle 1, 46 GW of generation projects had signed agreements to connect to the grid as of June. Completion of Transition Cycle 1 will add up to 17.4 GW to that number. PJM has connected 2.1 GW of new generation in 2025, composed of 2,033 MW of solar, 55 MW of wind and 29 MW of coal. *See our December 2022 and May 2024 Regulatory Bulletins, Secs. 2.3a and 2.3b, respectively, for more on PJM's interconnection reform.*

2.2 Capacity / System Reliability

Issue #	Rating	Issue	Impact	Action/Result
2.2b DOT	$–	**The U.S. Department of Transportation (DOT) is withdrawing or terminating $679 million in funding for 12 port and infrastructure upgrades that would support offshore wind projects.** The DOT press release stated the Trump administration has "refocused" DOT and its Maritime Administration on U.S. shipbuilding capacity and producing more traditional forms of energy.	The defunded projects include: · Sparrows Point Steel Marshalling Port Project, $47.3 million from the Port Infrastructure Development Program (PIDP) · Arthur Kill Terminal offshore wind port in New York, $48 million PIDP funding · Humboldt Bay Offshore Wind Heavy Lift Multipurpose Marine Terminal, $426.7 million in Nationally Significant Freight and Highway Projects funding	Last month, the U.S. Department of Commerce opened a probe into wind turbine imports, setting the stage for new tariffs and rescinded all "wind energy areas" the Biden administration had designated for future lease sales on the U.S. Outer Continental Shelf.
2.2c ISO-NE	$+	**According to Orsted, construction work will resume on the 700-MW Revolution Wind project offshore Rhode Island, after a judge granted the project a preliminary injunction against the Trump administration's August stop-work order.** CM: Revolution Wind's stop-work order has been lifted. What happens next?	The ruling will allow the project to "restart" while the underlying lawsuit challenging the stop-work order progresses.	Revolution Wind, a subsidiary of Orsted and a 50/50 joint venture between Orsted and Global Infrastructure Partners' Skyborn Renewables, is fully permitted with 80% of its construction completed and is slated to begin commercial operation in 2026.

2.6 Industry Development

Issue #	Rating	Issue	Impact	Action/Result
2.6a PJM	Green	**PJM and its stakeholders have elected Robert Ethier and Le Xie to serve three-year terms on the PJM Board of Managers.** Along with Matthew Nelson who joined the PJM Board in May, the election of Ethier and Xie completes its ten-member board. PJM membership elects two PJM board members	Robert Ethier had been a long-time executive at ISO New England serving as vice president of market development, vice president of market operations and vice president of system planning, with over 30 years of experience in electricity markets.	Le Xie is the Gordon McKay Professor of Electrical Engineering at the Harvard John A. Paulson School of Engineering and Applied Sciences, where he cofounded and leads the Power and AI Initiative. His research focuses on the intersection of artificial intelligence, power systems, and advancing sustainable and efficient energy solutions.
2.6b TVA	Yellow	**The Tennessee Valley Authority (TVA) signed an agreement with ENTRA1 Energy to develop up to 6 GW of new nuclear power in the largest U.S. small modular reactor (SMR) deployment to date.** ENTRA1 is to develop and operate six "energy plants" across TVA's seven-state territory and sell their output to TVA, enough to power 4.5 million homes or 60 new data centers. Power: TVA, ENTRA1 sign agreement for 6-GW, six-plant nuclear SMR collaboration	ENTRA1 will utilize small modular reactors developed by NuScale Power, which in May received NRC approval for its 77-MW power module and design for a 462-MW SMR power plant *(see our June 2025 Regulatory Bulletin, Sec. 2.6b for more)*. ENTRA1 and NuScale are in a strategic joint venture called ENTRA1 NuScale, LLC.	*TVA reported that its region has grown three times faster than the national average, resulting in an increase in forecasted demand for electricity.* TVA is undertaking one of the largest capital investments in its history and expects to invest more than $19 billion to build generation and update its power and transmission systems. As of September 2024, the utility had 3.6 GW of generation under construction.

2.6 Industry Development

Issue #	Rating	Issue	Impact	Action/Result
2.6c U.S.	$+	**Blackstone Energy Transition Partners has acquired 620-MW, natural gas-fired, combined cycle power plant named Hill Top Energy Center in Western Pennsylvania for nearly $1 billion.** Blackstone Energy Transition Partners also acquired 774-MW, natural gas-fired, generation plant in Loudoun County, VA in January. Blackstone announces agreement to acquire Hill Top Energy Center in Western Pennsylvania for nearly $1 billion	The Hill Top Energy Center purchase price of about $1,600/kW is higher that other recent gas plant acquisitions. · In March, NRG agreed to pay $560 million for 738 MW of capacity in Texas or $760/kW. · In May, Vistra agreed to buy a portfolio of natural gas facilities totaling 2.6 GW for close to $2 billion or $743/kW. According to data from Enverus, the total value of natural gas plant acquisitions exceeded $4.3 billion in 2024, up from $3.1 billion in 2023. Both the number of natural gas deals and the value of each deal have increased.	In July, at the Pennsylvania Energy and Innovation Summit, Blackstone announced that it will build and operate a new natural gas, combined cycle generation plant in a joint venture with PPL. Blackstone is in late development stage for approximately 1.6 GW of new power generation capacity and plans to invest more than $25 billion to support the buildout of Pennsylvania's digital and energy infrastructure supporting the AI revolution.

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/