



# Regulatory Risk & Reform

Energy Policy Research Foundation's Fueling the AI Boom and Manufacturing Renaissance: Power Sector Constraints & Solutions

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# Wholesale Electricity Markets – in transition

## 1990s – Deregulation

- Lower prices with innovation & efficient investment
- Shift market risk from ratepayers to developers
- Benefits include operational efficiency & trading

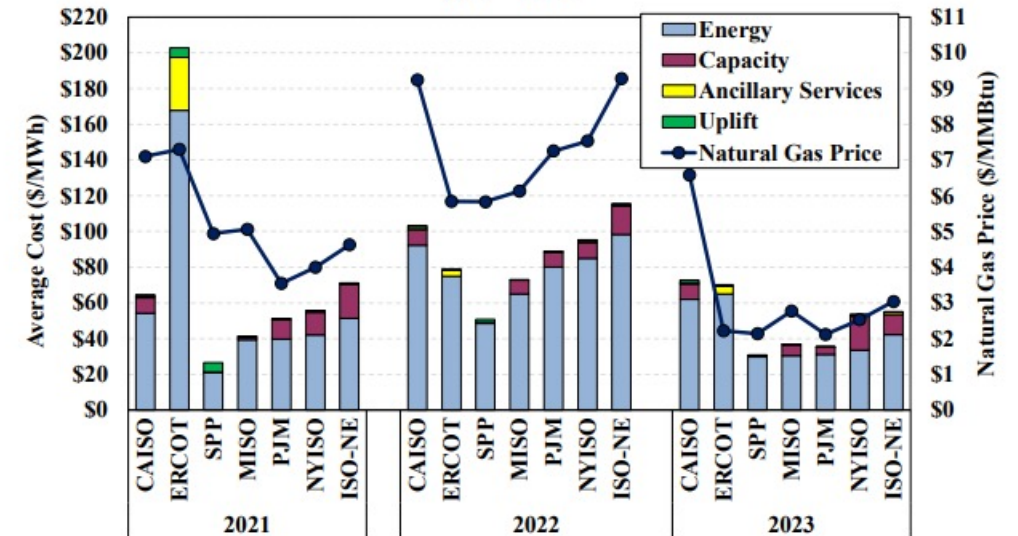
## 2010s – Carbon Reduction Goals

- RGGI caps, climate goals set when demand flat
- Resource mix changes

## Today – Load Growth

- Retirements outpacing new supply
- Reliability needs new supply ([NERC LTRA Report](#))
- Interconnection, transmission & permitting reforms
- Gas/electric coordination efforts ([GEAR](#), [NPCC](#))

Figure 1: All-In Prices in RTO Markets<sup>8</sup>  
2021 – 2023



Source: [EMM's 2023 Assessment of the ISO-NE Electricity Markets](#)

Regulatory  
Uncertainty

Barriers to  
Investment

Hedging  
Challenges



# States – harness the power of competition

## Affordability is driving 2025 state energy policy

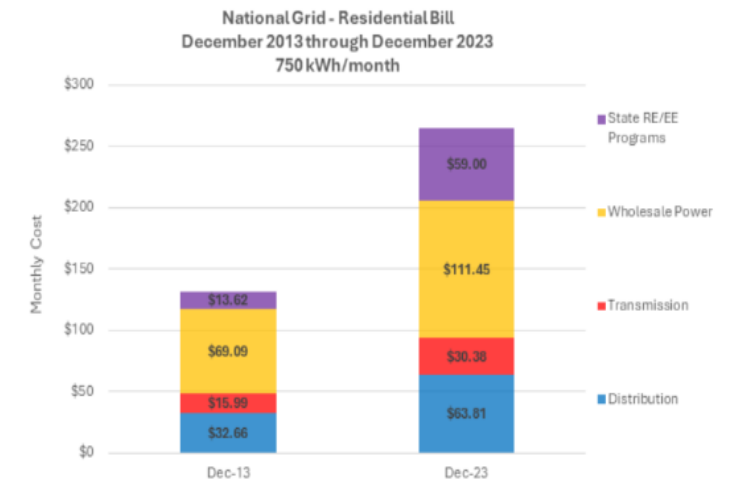
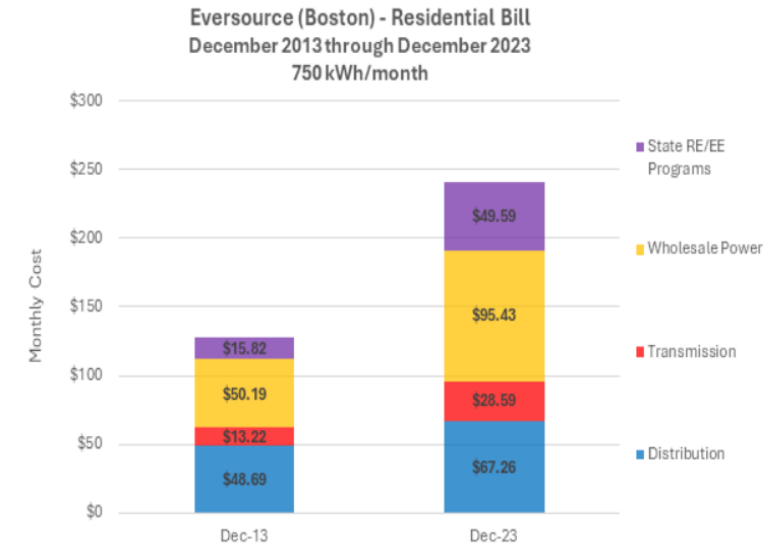
- CT. Gov. wants cheaper, reliable electricity. Rejects offshore wind due to high costs.
- PA. Sues PJM at FERC to keep electricity rates low.
- NY. Economy-wide pricing carbon program paused to avoid consumer cost increases.

## Recognize the current tradeoffs of the energy transition

- NY, CA, VT & US are behind on their climate goals.
- Affordability, reliability & carbon neutrality cannot be balanced. (e.g., [ISO-NE EPCET](#))

## Evolve the role of competitive power markets for the long term

- Use markets to reduce the degree of tradeoffs during the energy transition.
- Collaborate on holistic, durable market design strategies that:
  - Value reliability, low-carbon emissions & economic dispatch.
  - Reduce market uncertainty & support hedging & merchant investment in generation.
- Limit PPAs to kick starting new technology.
- Recall vertically integrated utility model was inflexible, expensive & lacked innovation.



○ Source: [WhatsInMyElectricBill.com](https://www.whatsinmyelectricbill.com)

