Energy Policy Trends

2025 State Legislative Trends

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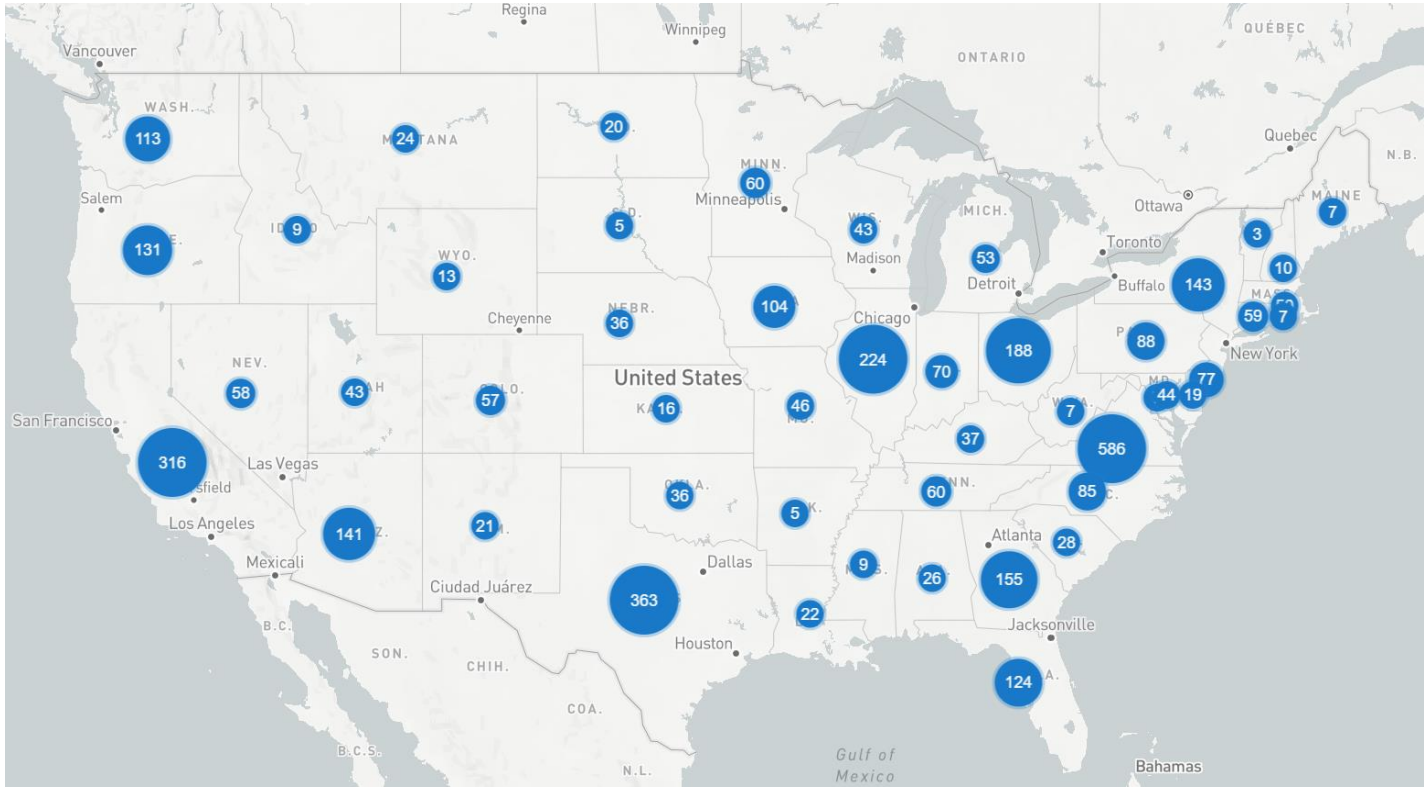
General Trends

- States respond to demand driven by AI and data centers
- Grid modernization efforts and upgrades continue
- Priorities and funding shift to align with new administration
- Reduction in emissions remains priority for many
- Pursuit of new technology continues: Nuclear, carbon capture, fusion, hydrogen, storage and more

Meeting the Energy Demand

AI drives need for new energy as states mediate costs and reliability

- Data centers could make up over 9% of electricity consumption by 2030.
- As of July 2025, 19 states have considered around 60 pieces of legislation addressing the energy consumption of data centers.
- State strategies to address consumption include incentives for energy efficient technologies, energy reporting requirements, impact studies, and utility rate regulation.



Source: Data Center Map

Grid Modernization and Resilience

Natural disasters continue to stress the grid, states consider options and investments

In 2024, there were 27 storms that resulted in over $1B in damages. This included flooding, wildfires, hail, tornadoes, winter storms and tropical cyclones.

- **States are taking various approaches to financing resilient infrastructure**

  This includes legislation to allow automatic rate adjustments after wildfires, add flood resiliency for qualifying improvements for commercial clean energy projects, allow utilities to issue storm recovery bonds to recover costs from hurricanes and proposed legislation to use state energy funds to support dispatchable electric generation during periods of high demand.

- **Wildfires are increasingly a national issue though Western states are leading in innovation**
  - The expanding cost and liability of utility-caused wildfires has led to significant concern surrounding their financial solvency.
  - California (AB 1054) and Utah (SB 224) have established state wildfire funding pools to supplement other insurance and provide a financial backstop for utilities. Hawaii (SB 514) and Oregon (HB 3917) have introduced similar legislation this year.
  - Texas enacted HB 145 to allow utilities to self-insure all or part of the potential liability or catastrophic property loss that could not have been reasonable anticipated.

Resource Investments Remain Variable

Focus on renewables and natural gas continues to vary amongst states and regions

- **Natural gas remains a point of contention for many states**
  - Some states have moved to define natural gas as “green energy” making the fuel source similar to renewable energy sources like wind and solar.
    - Louisiana and Indiana enacted HB 692 and SB 178 respectively to include natural gas and propane as “clean” or “green” energy opening the fuel types to state and federal funding opportunities.
  - Meanwhile, a flurry of states have introduced legislation aimed at promoting expanded development of natural gas resources while several states have looked to lessen their reliability on natural gas all together.
- **States continue to move forward with renewable energy**
  - States have introduced more than 1,000 bills related to renewable energy in 2025.
  - Legislation is emphasizing distributed energy resources (DERs), also known as local energy assets (LEAs) such as rooftop solar or microgrids.
    - DERs/LEAs are gaining attention due to the lack of infrastructure necessary for implementation and their energy resilience benefits.
    - With the rise of DERs/LEAs, more policies are aimed at protecting customers.

Nuclear Inches Forward with Bipartisan Support

States continue to introduce novel legislation focusing on nuclear at historic levels

- **15+ states now have a dedicated board, committee, task force, or outside consultant to evaluate nuclear development in the state**
    - Workforce, cost and benefit analysis, environmental impact, and generation capacity among key topics
        - Some states also assessing use of previous facilities (i.e. retired coal plant) for SMR construction
- **Trend in states adding nuclear to the definition of "clean" energy, though unsure how this will be framed under new administration's priority shift**
    - Defining nuclear as clean may help facilities be eligible for certain clean energy tax credits and programs within states
- **Incentives needed for complete nuclear cycle – with new reactors comes new manufacturing and fuel production demand**
    - U.S. ending reliance on Russian fuel, industries like uranium are in first upturn in years
    - States are looking to attract industrial businesses, manufacturing facilities, potentially recycling facilities
- **Federal Executive Orders highlight federal support for continuing nuclear development, signal positive forecast for industry**

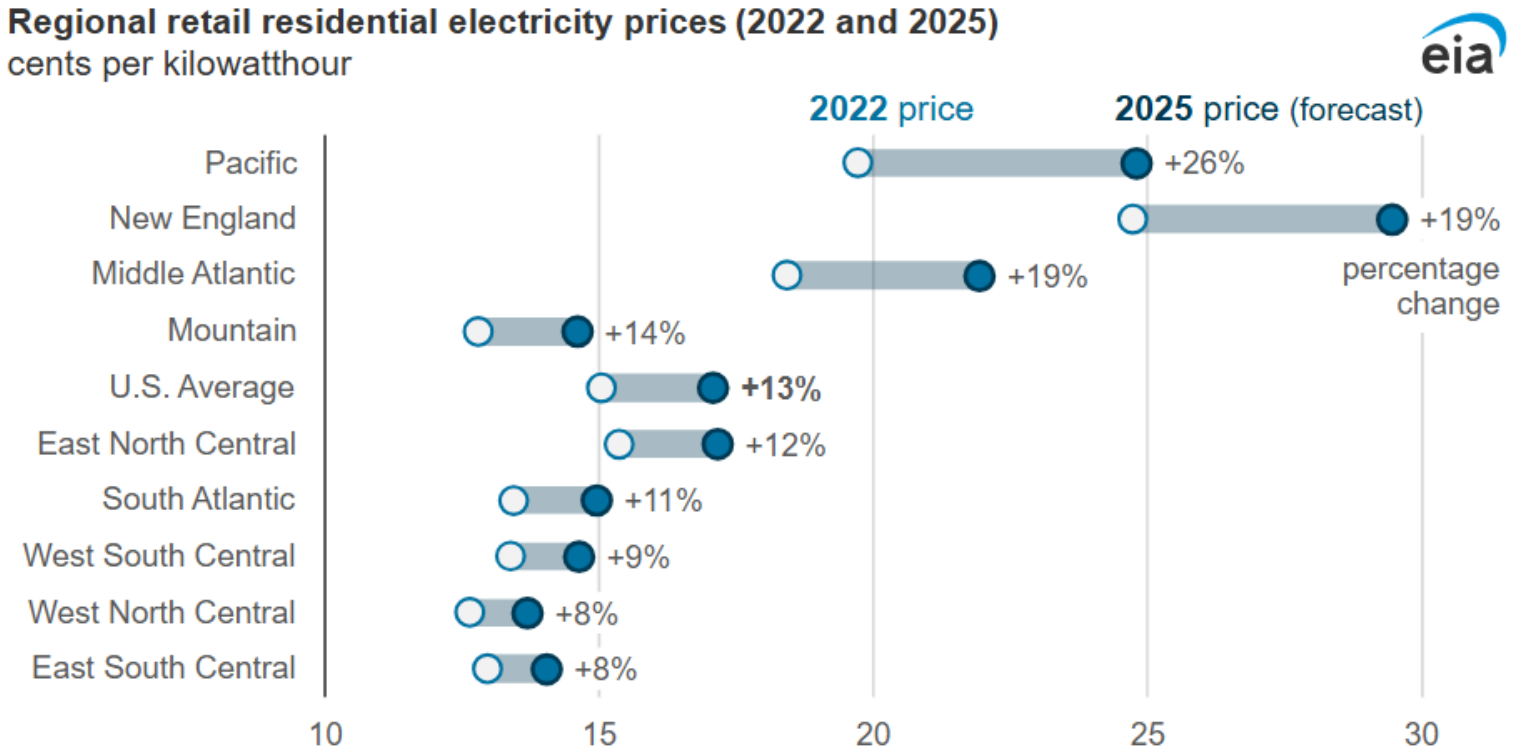
Demand for Storage

As new investments in generation and transmission expand, storage may bolster reliability and resilience

- **Almost 200 bills across at least 38 states introduced this year on energy storage.**
  - Balancing demand and intermittent resources; grid resilience and backup power supply; and potential to stabilize utility costs. Incentives for on-site energy storage or back-up power to offset commercial loads particularly a growing trend.
- **Encourage energy users to ensure their own reliable power – and support the grid when needed. Generally categorized into tax and financing options, state-funded rebates/incentives, or regulatory incentives.**
  - Maine (LD 819): business property tax exemptions for battery systems up to 2MW; primarily for on-site needs, but also grid-connected storage.
  - N.C. (SB 802, 2024) new C-PACE program – storage financed through property tax assessments.
  - Some direct rebates, e.g. Oregon (SB 827). Also new action to meet state storage targets: NJ PUC program to deploy 2,000 MW by 2030. Goal is to mitigate ratepayer costs; will initially use state funds.
  - Texas (SB 6): state grid operator can disconnect data centers from the grid during emergencies; encourages large loads to have storage and/or generation on-site.
- **Looking Ahead**
  - More bills to incentivize battery manufacturing? (Utah SB 213, 2025)
  - Compressed air storage: recent article from Penn State, research suggesting depleted oil and gas wells can be an effective energy storage option alongside geothermal.

Energy Affordability

- **Percentage of Income Payment Programs**
  - PIPPs cap low-income households' utility bills at a fixed percentage of their income.
- **Time-of-use Pricing**
  - Varies the price of electricity depending on the time of day. Rates are higher at peak hours and lower during off peak hours.
  - Maine LD 186
- **Affordable Housing DERs**
  - DERs, like rooftop solar, can provide onsite energy generation.
  - Nevada AB 458
- **State Bonds**
  - Connecticut SB 4



Source: U.S. Energy Information Administration