MARKET FORECAST: BOOM!

Capacity, A Fireside Chat

February 2026

FIRESIDE CHAT
DISCUSSION ITEMS

01

CURRENT CAPACITY SITUATION

02

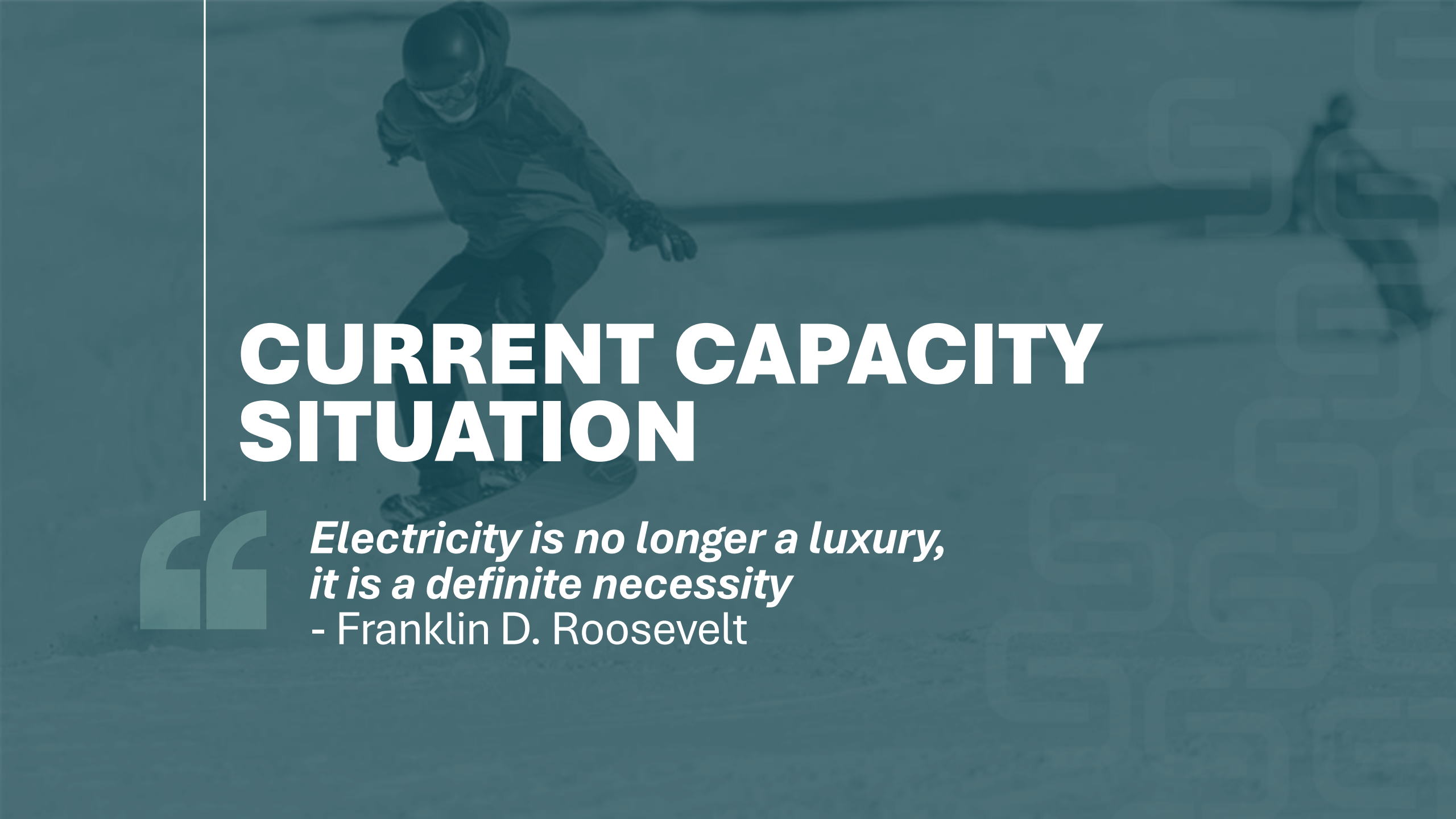
FERC & RTO - ELECTRIC UTILITY - BIG TECH RESPONSE

03

HOW DOES THIS END?

04

Q & A

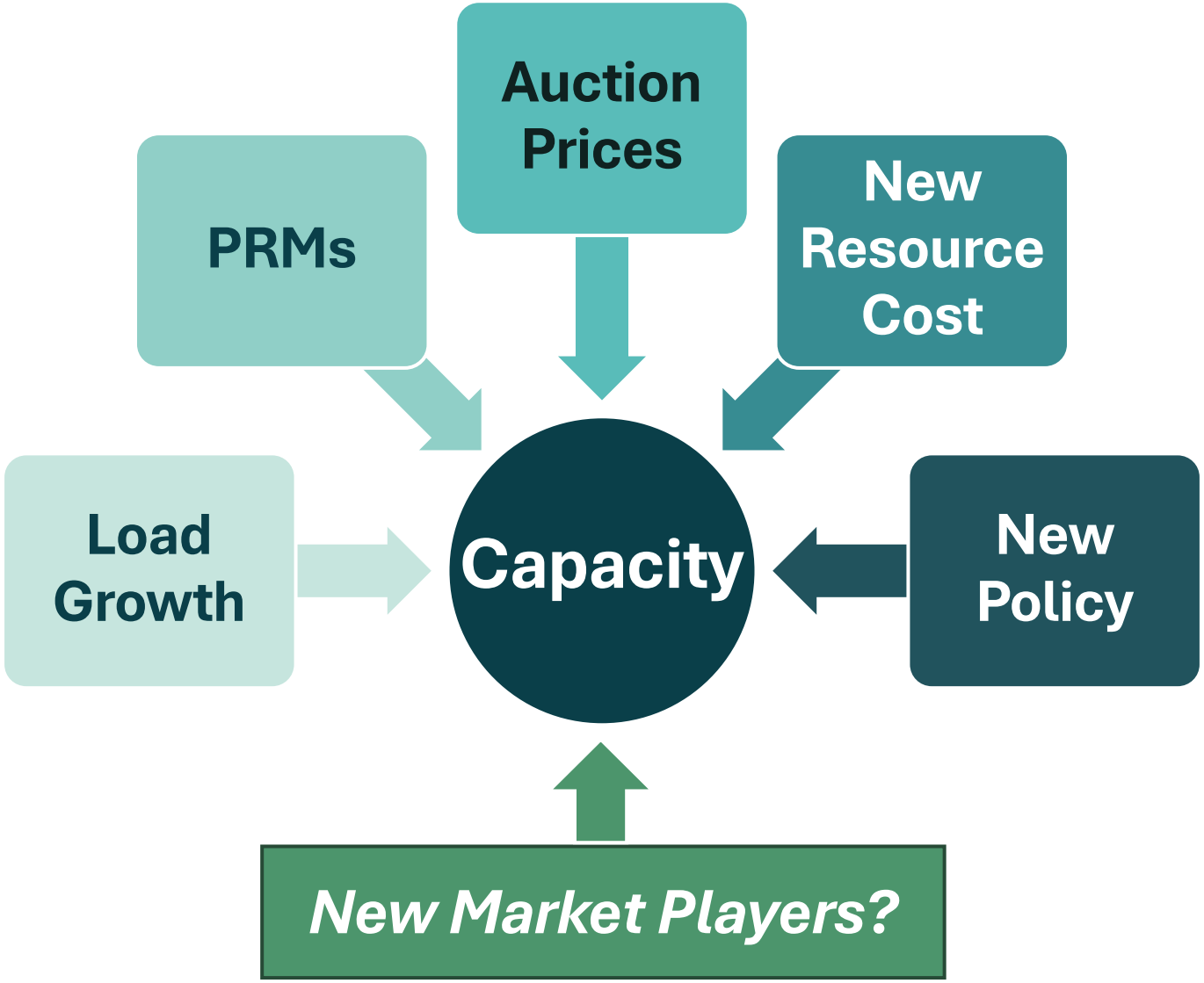


CURRENT CAPACITY SITUATION

Electricity is no longer a luxury, it is a definite necessity
- Franklin D. Roosevelt

CURRENT CAPACITY SITUATION?

- Why is it important to have capacity?
- What creates a “good” capacity situation?
- How do you measure a “good” or “bad” capacity situation?



PROJECTED LOAD GROWTH

1. **Data Centers / AI Facilities**
2. **Beneficial Electrification**
3. **Manufacturing & Economic Growth**

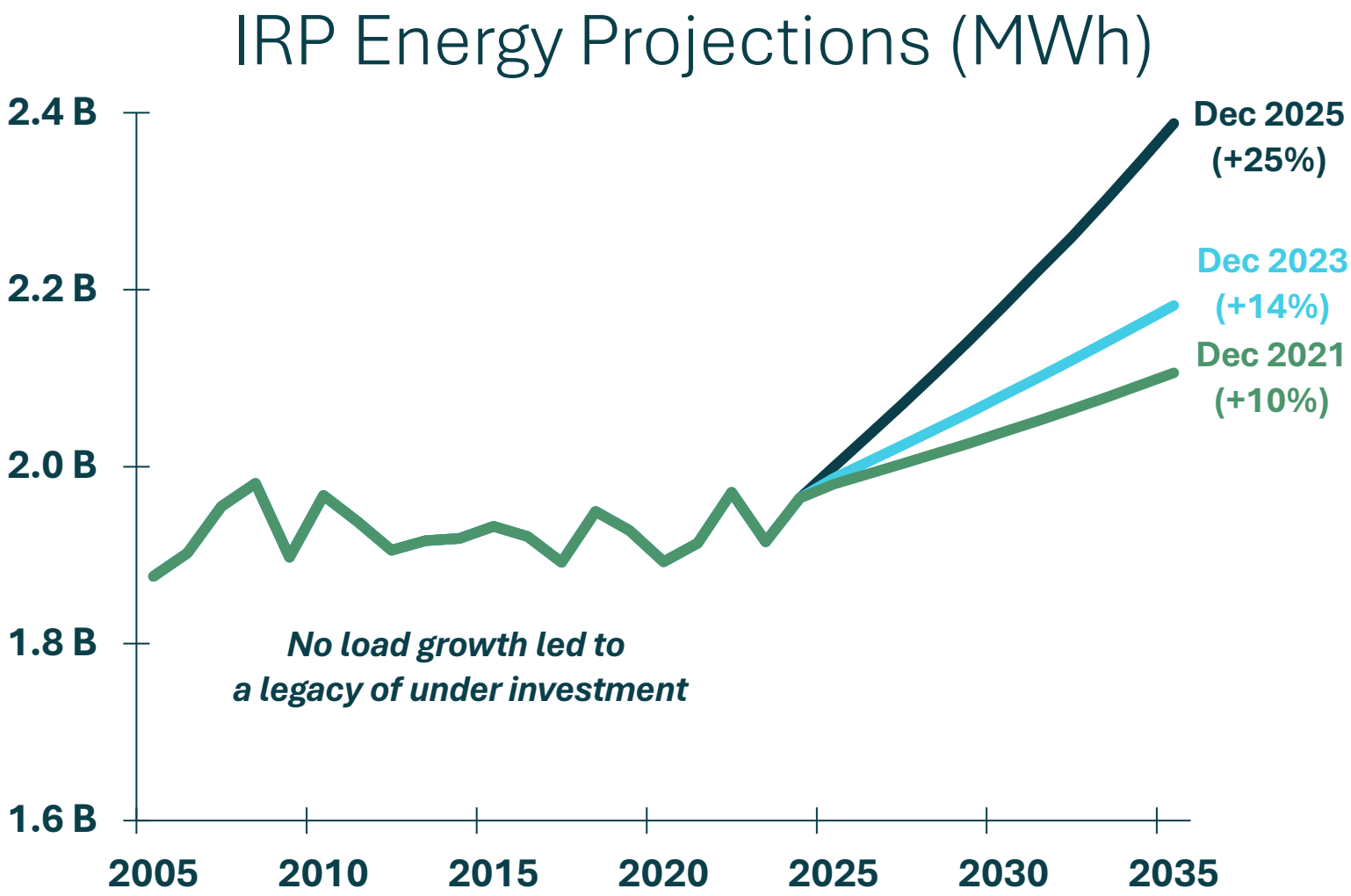


Chart includes projections from 132 IRPs, covering 47% of electricity delivered to US customers.
% change refers to years 2023 to 2035.
The State of Utility Planning, 2025 Q4 - RMI

RESERVE MARGINS

- NERC's 2025 LTRA concludes multiple regions are at "high risk" of energy shortfalls in "extreme weather conditions" by 2030
- Combination of load growth, "weather dependent resources", and shift to winter peaks

NERC Warns of 'Worsening' Resource Adequacy Through 2035

RTO Insider

LTRA Finds Most Assessment Areas at Risk of Shortfalls

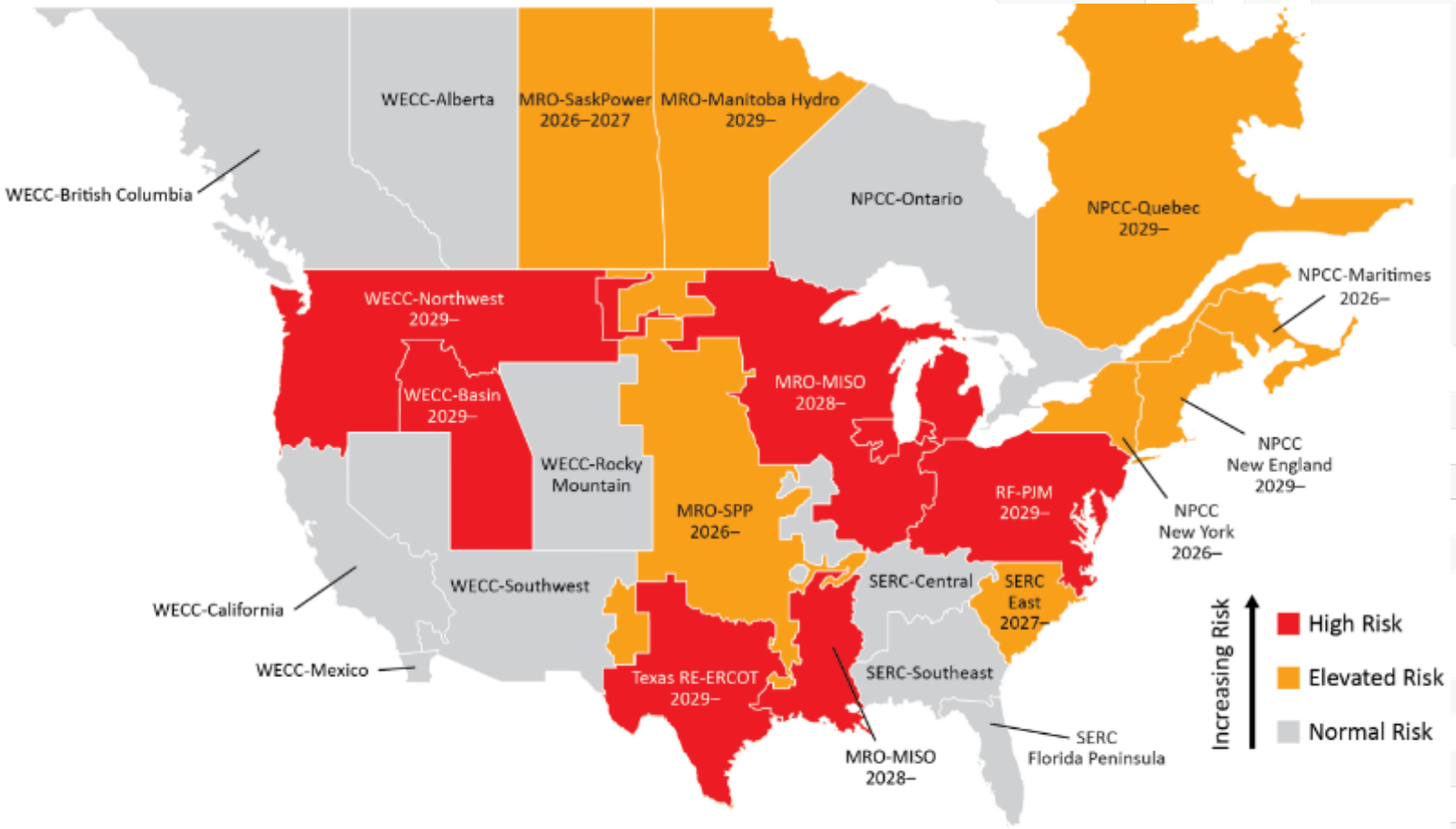
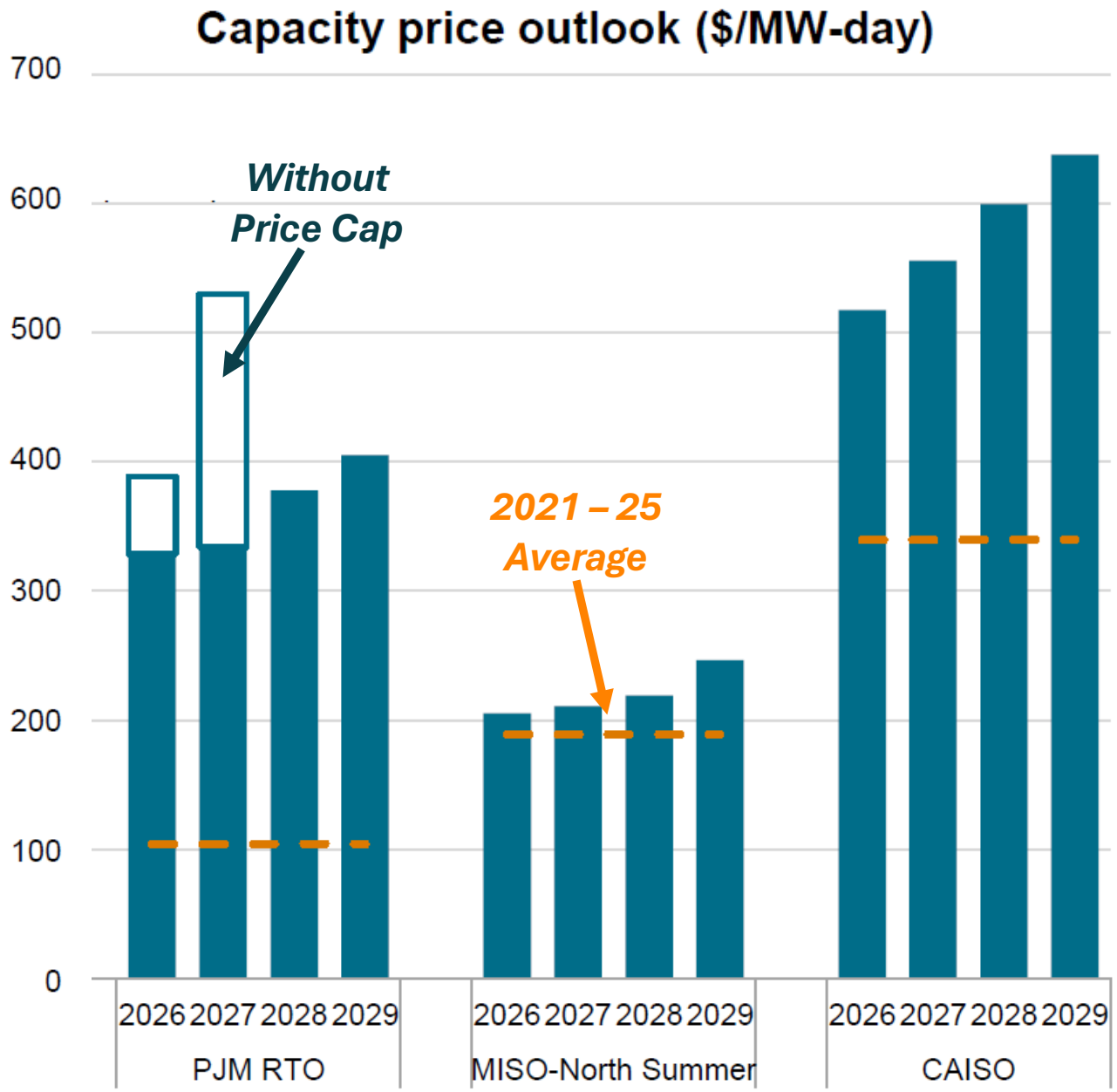


Figure 1: Risk Area Summary 2026–2030
Shows highest risk classification that occurs in the first 5 years and states initial year of occurrence

2025 Long-Term Reliability Assessment

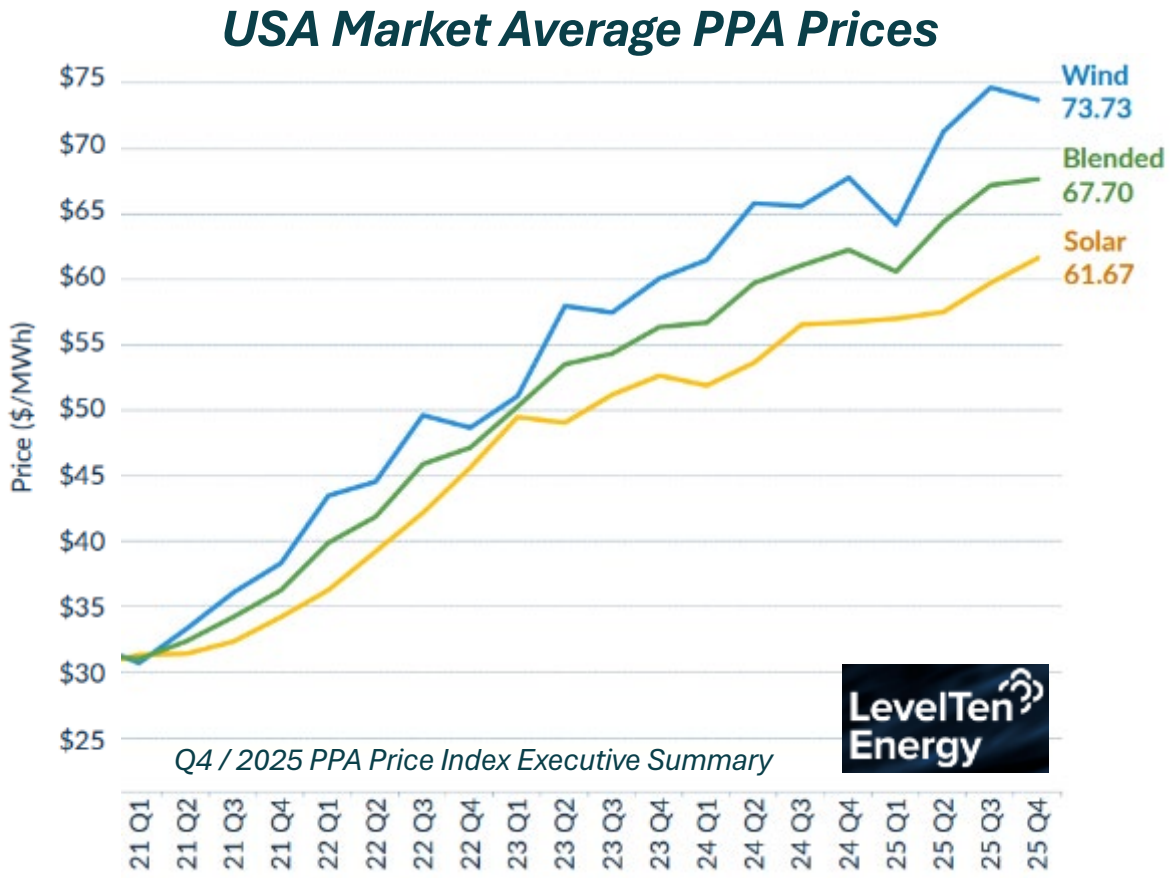
CAPACITY PRICES

- Numerous “bilateral” capacity transactions occur annually, BUT without price transparency
- Recent RTO capacity auctions clearing at higher prices, signaling “higher demand” for capacity
- Outlook for immediate future is higher capacity prices



Data compiled December 2025.
RTO = regional transmission organization.
Sources: S&P Global Energy; PJM.

COST OF NEW GENERATION

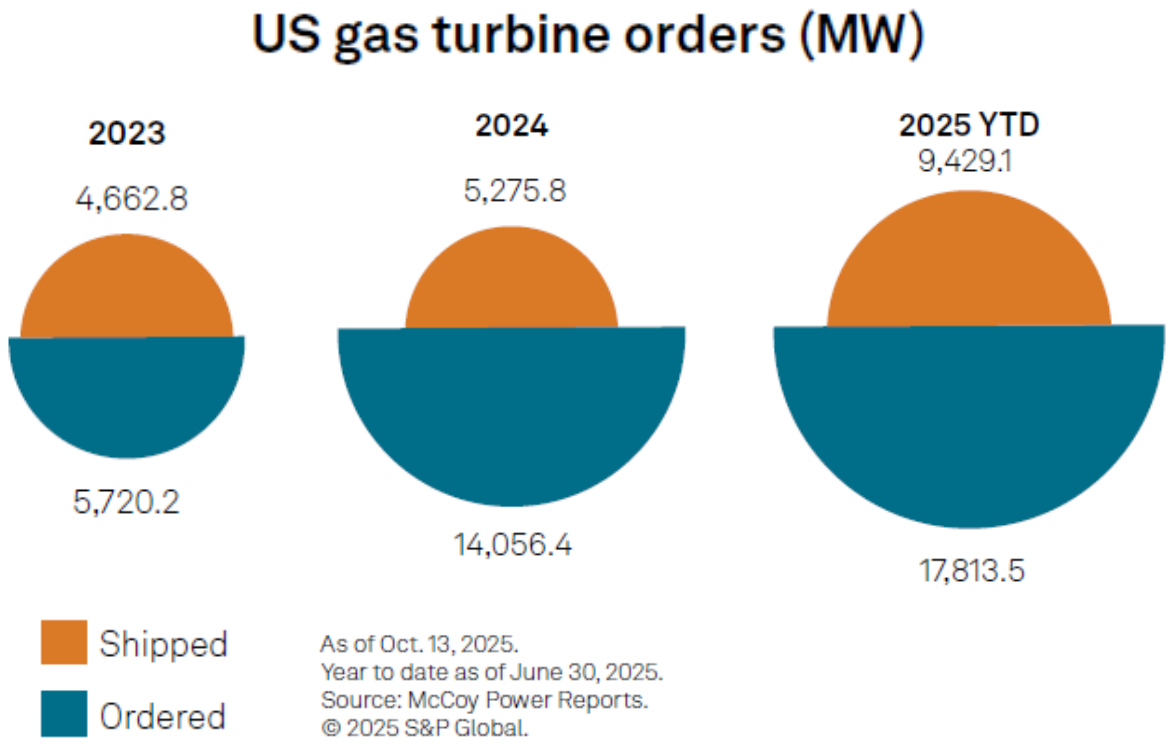


AMERICAN PUBLIC POWER ASSOCIATION

GENERATION

New Report Finds Rising Cost of New Gas Plants Outpacing Planning Assumptions

September 13, 2025 Paul Ciampoli



RTO POLICY: WESTERN RESOURCE ADEQUACY PROGRAM (WRAP)

What is WRAP?

- WPP's resource adequacy program with market rules for capacity obligations and accreditation
- Provides capacity reserve exchange

Initially, 23 members

Binding RA commitments for Winter 2027 /28 (after initial delay)

RTO POLICY: WESTERN RESOURCE ADEQUACY PROGRAM (WRAP)

UTILITY DIVE

APS, others plan 1-year delay in fines for Western Resource Adequacy Program capacity shortfalls

Supply chain problems, unexpected load growth and extreme weather are challenging efforts to ensure adequate power supplies in the West, according to Avista, Calpine and other program participants.

Published April 23, 2024

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NV Energy has notified the Public Utilities Commission of Nevada that it plans to leave the Western Power Pool's Western Resource Adequacy Program (WRAP).

NewsData
Inform. Enlighten. Empower.

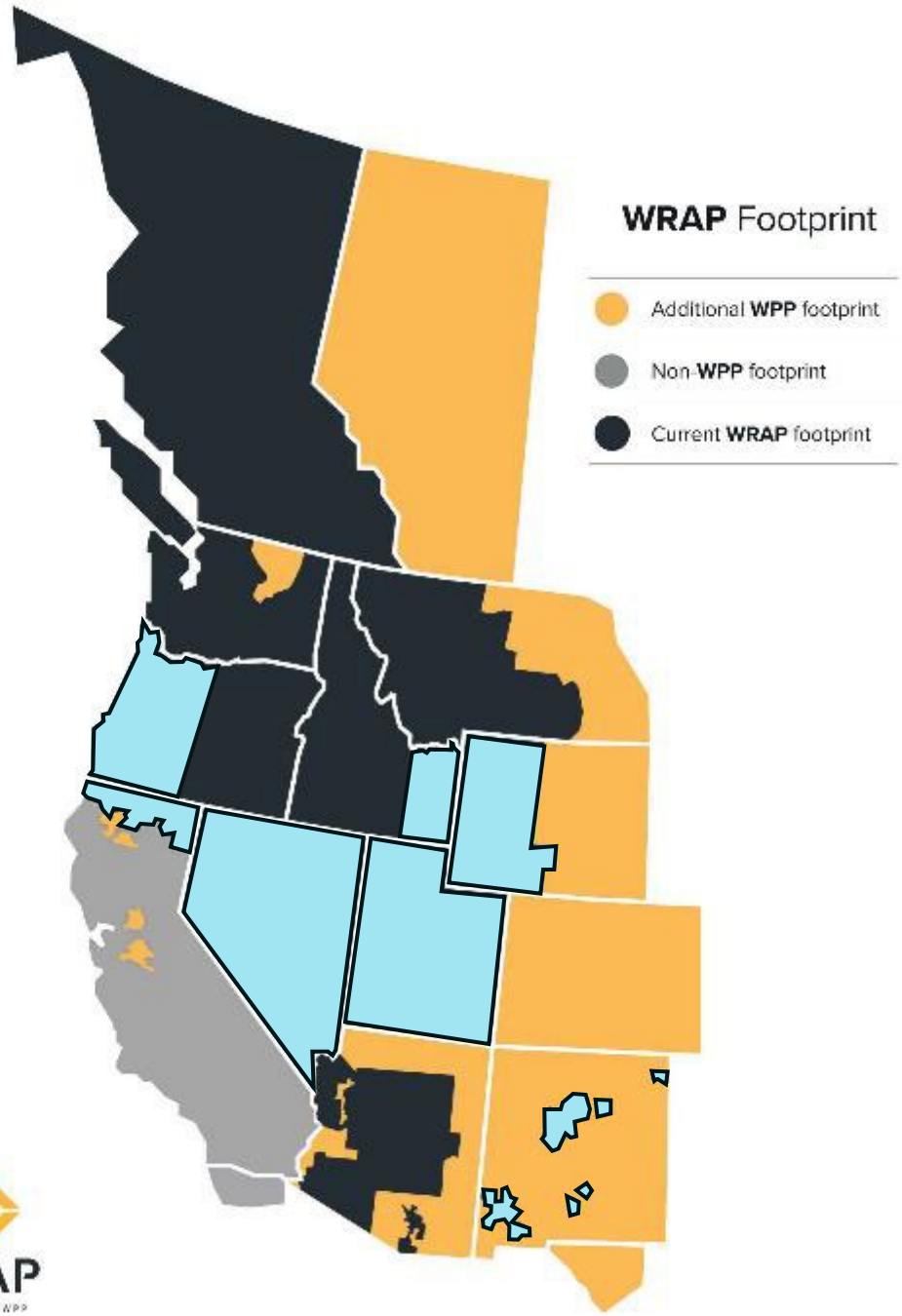
A Half-Dozen Utilities Leave WRAP Under Imminent Deadline

by Ayla Burnett Oct 30, 2025 | Updated Nov 3, 2025

WRAP Wins Commitments from 16 Entities

Final Group Consists Heavily of Future Markets+ Participants

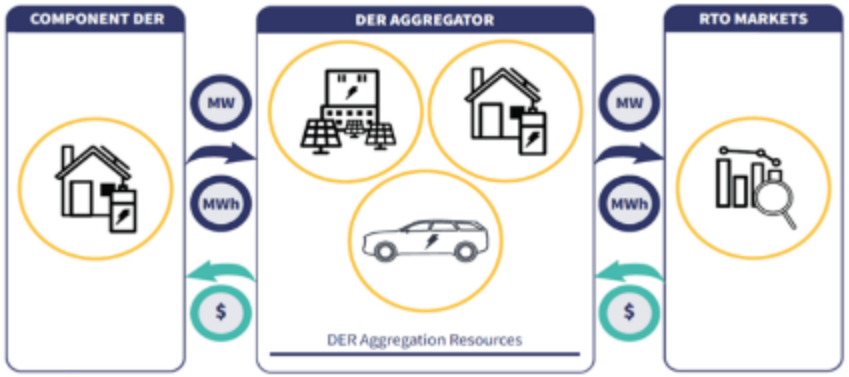
RTO AUDIO *Listen to this story*



WRAP
POWERED BY WPP

LEGISLATION / REGULATION

FERC Order No. 2222



UTILITY DIVE Deep Dive Opinion Library Events Press Releases Topics

House lawmakers press FERC on affordability, reliability and gas

Commissioners cited inadequate transmission infrastructure as a major concern.

Published Feb. 4, 2026

Ethan Howland
Senior Reporter

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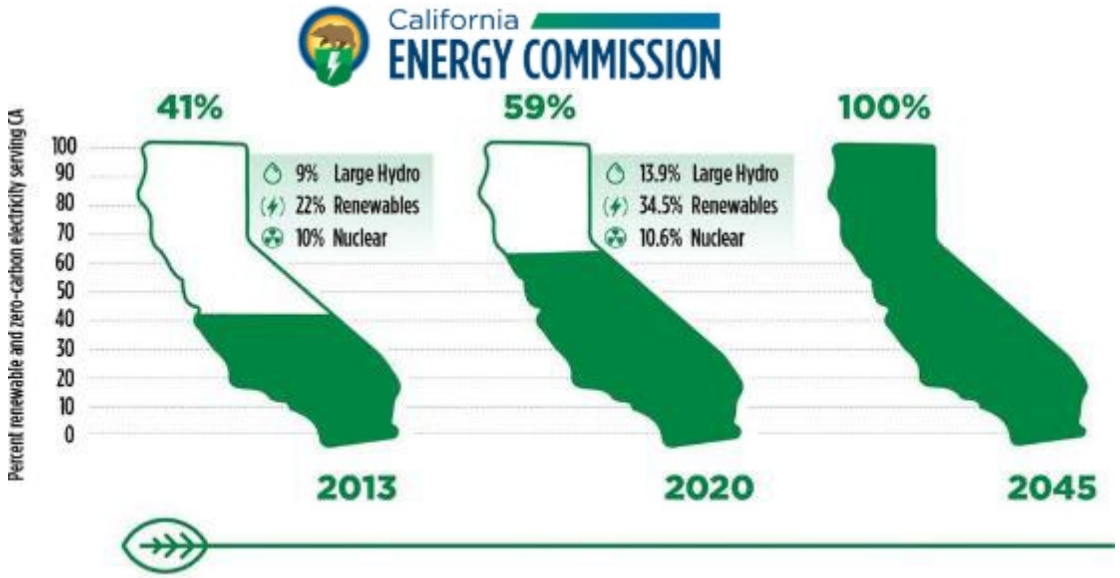
The New York Times

Trump Wants to Halt Almost All Coal Plant Shutdowns. It Could Get Messy.

Even as administration officials vowed this week to head off scheduled retirements, some aging plants are now breaking, and costs could run to the billions.



RECENT IMPACTS ON FUTURE INVESTMENTS

- Change in tax credits means reduced solar / wind investments, however, BESS outlook is still strong
- Favorable regulatory outlook for natural gas generation

Summary of major near-term changes to the US Power Market Outlook, May 2025 vs. December 2025

S&P Global Energy

	Next decade 2026-3035		Next decade 2026-3035
Net on-grid energy demand	-52 TWh (-6%)	Natural gas-fired capacity additions (includes coal-to-gas conversions)	+31 GW (+34%)
Solar PV capacity additions (includes grid-facing and BTM solar)	-75 GW (-18%)	Battery capacity additions	+22 GW (+22%)
Wind capacity additions (includes onshore and offshore)	-43 GW (-29%)	Gas generation (cumulative over the period)	+1018 TWh (+6%)

Data compiled December 2025.

OBBBA = One Big Beautiful Bill Act, US President Donald Trump's budget bill.

FERC / RTO RESPONSE

The most terrifying words in the English language are: I'm from the government and I'm here to help
-Ronald Reagan

RTO / ISO MARKET POLICY

Which Lever To Pull?

- **RTOs only administer markets (e.g. energy, capacity, ancillaries), ensure grid access, and manage reliability**
  - Cannot tell utilities, regulators, or generation developers what resources to build
- **Only have 2 levers to pull for managing resource capacity:**
  1. Planning reserve margin requirements
  2. Resource capacity accreditation

RESERVE MARGINS

- **Planning reserve margins [PRM] change based on load growth and capacity resource additions**
- **Normal for PRMs to decline over time due to expected resource retirements and load growth – BUT …**
  - How much load growth?
  - What new resources?

2025 Long-Term Reliability Assessment

Figure 2: MISO Winter Planning Reserve Margins

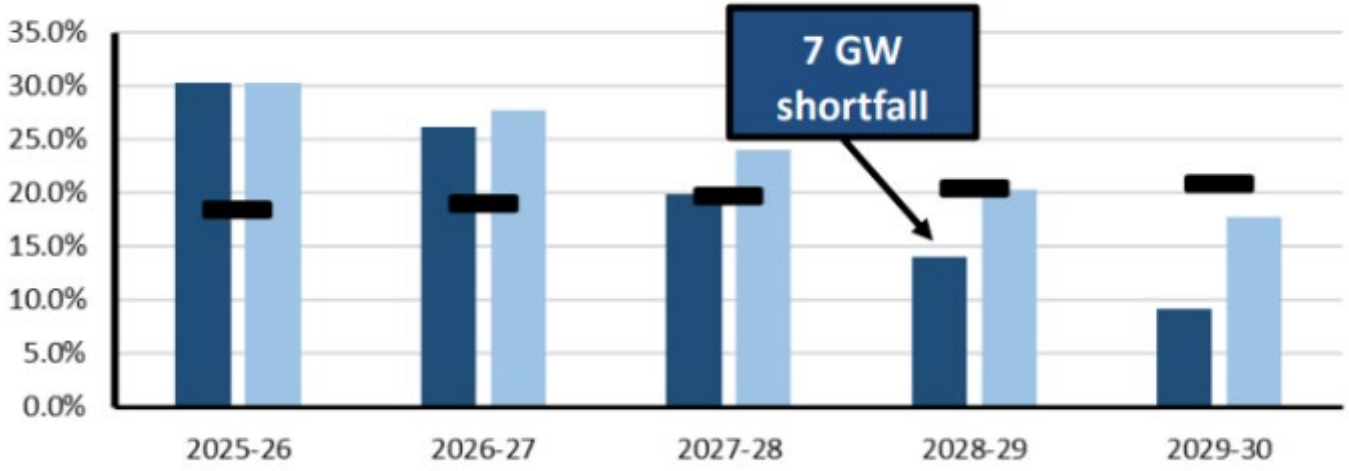
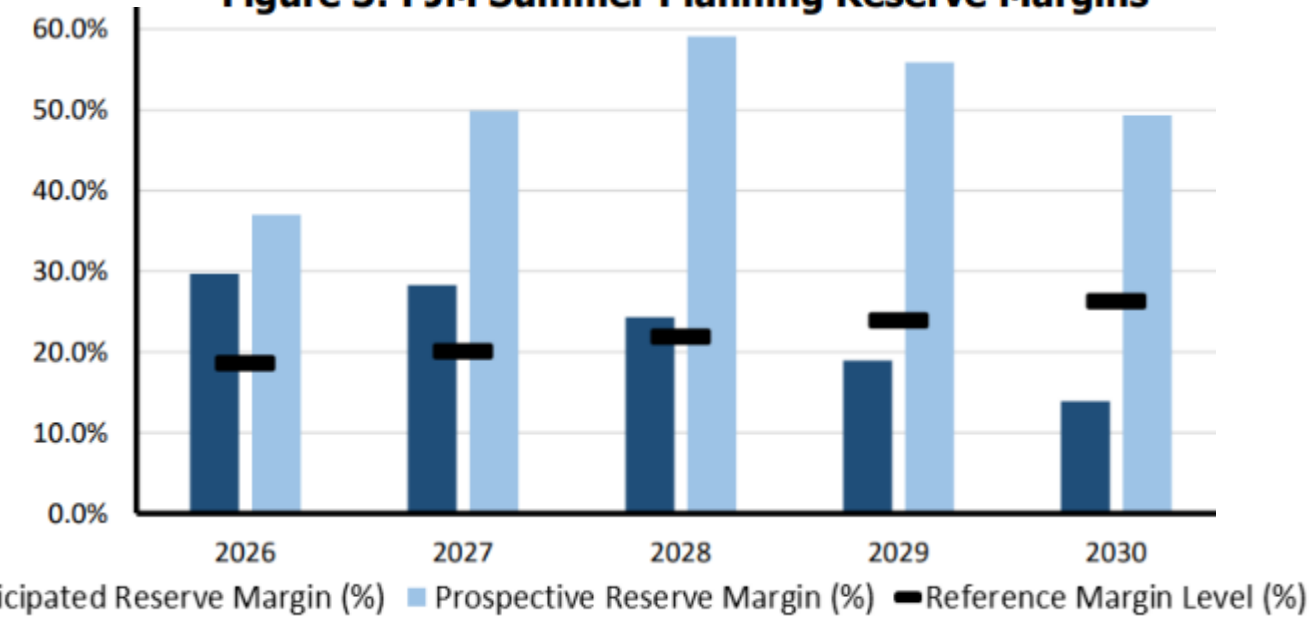
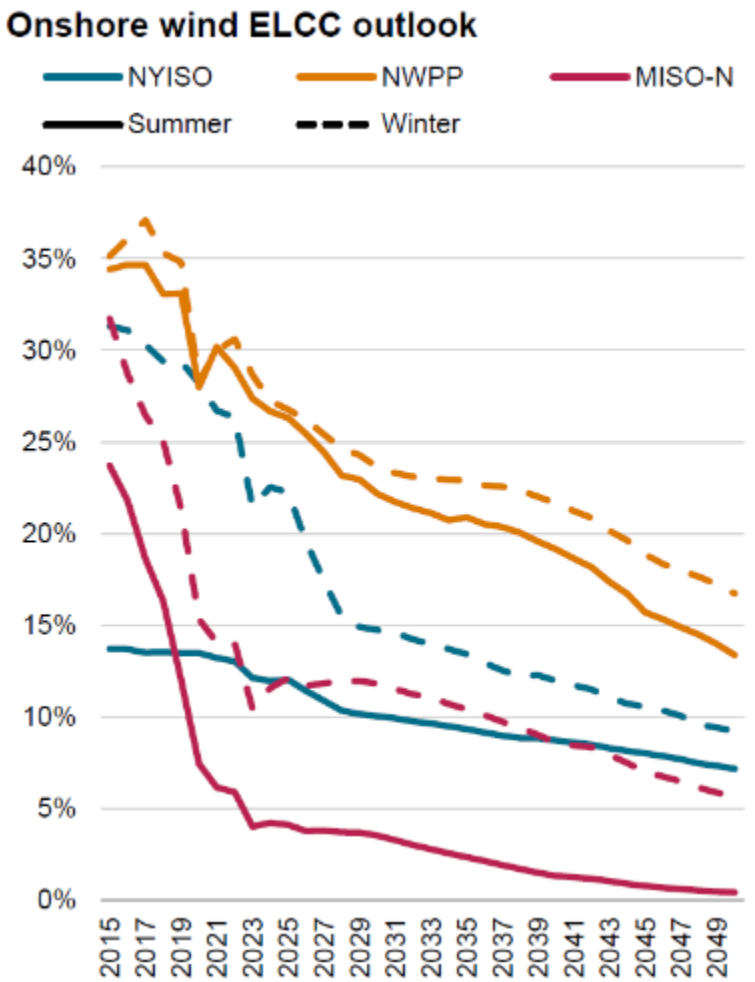


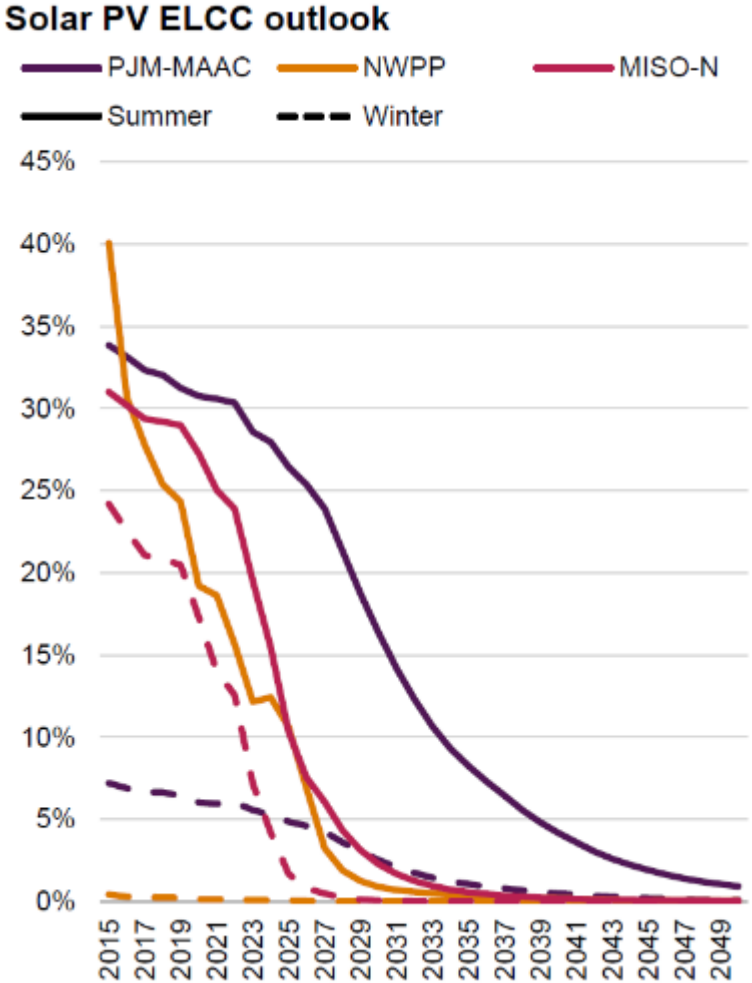
Figure 3: PJM Summer Planning Reserve Margins



CAPACITY ACCREDITATION

- RTOs introduced “Effective Load Carrying Capability” (ELCC) methodologies for determining capacity accreditation
- Most RTOs have introduced “seasonal” accreditations
- Adding more scrutiny on resource availability during “critical periods”

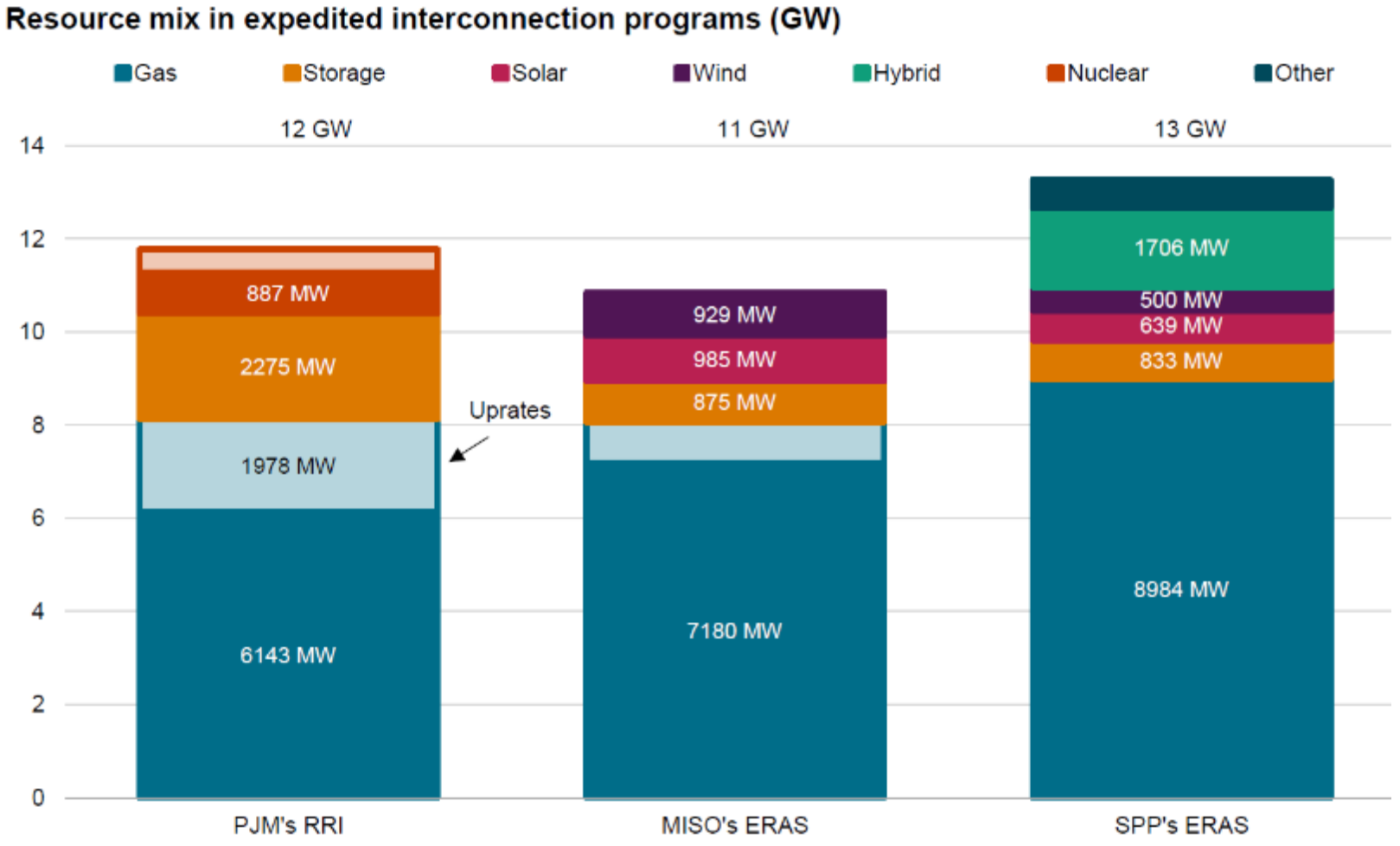




Data compiled December 2025.
ELCCs depicted are marginal.
Source: S&P Global Energy.

EXPEDITED INTERCONNECTION PROGRAMS

- FERC approved expedited GIA procedures for MISO, PJM, and SPP
- Moved “Shovel Ready” projects to front of the line
- Dominated by gas-fired generation



Data compiled December 2025.
RRI = Reliability Resource Initiative; ERAS = Expedited Resource Addition Study.
MISO's ERAS projects include study cycles 1 and 2.
See Interconnection queues 2025 – natural gas skyrockets despite shrinking queues.
Source: S&P Global Energy; PJM; MISO; SPP.

FERC ORDER FOR PJM

FERC members raise alarms about PJM failure to meet reliability target

PJM says several factors could close the capacity shortfall, including a new load forecast next month that could be significantly lower than the last due to stricter vetting of potential large loads.

Published Dec. 19, 2025

Ethan Howland
Senior Reporter

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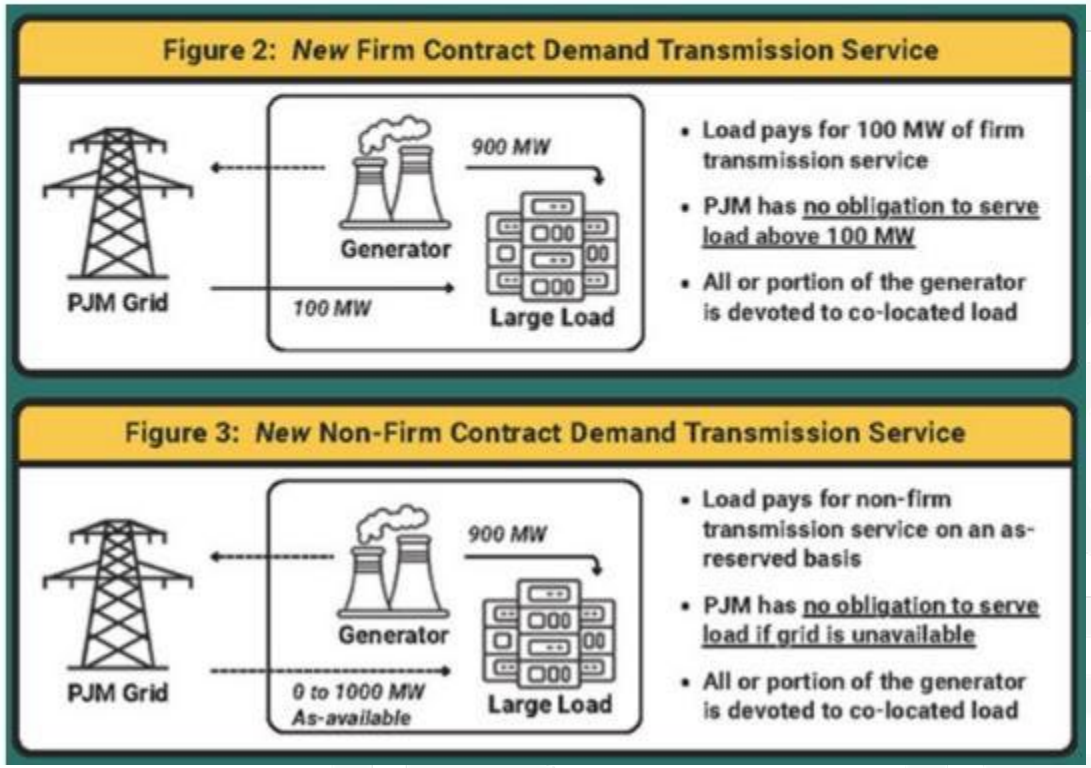
- PJM must provide transmission customers serving co-located load with three new transmission service options (in addition to existing NITS):
  - Interim, Non-Firm Transmission Service;
  - Firm Contract Demand transmission service;
  - Non-Firm Contract Demand transmission service

HEADLINES

FACT SHEET | FERC Directs Nation's Largest Grid Operator to Create New Rules to Embrace Innovation and Protect Consumers

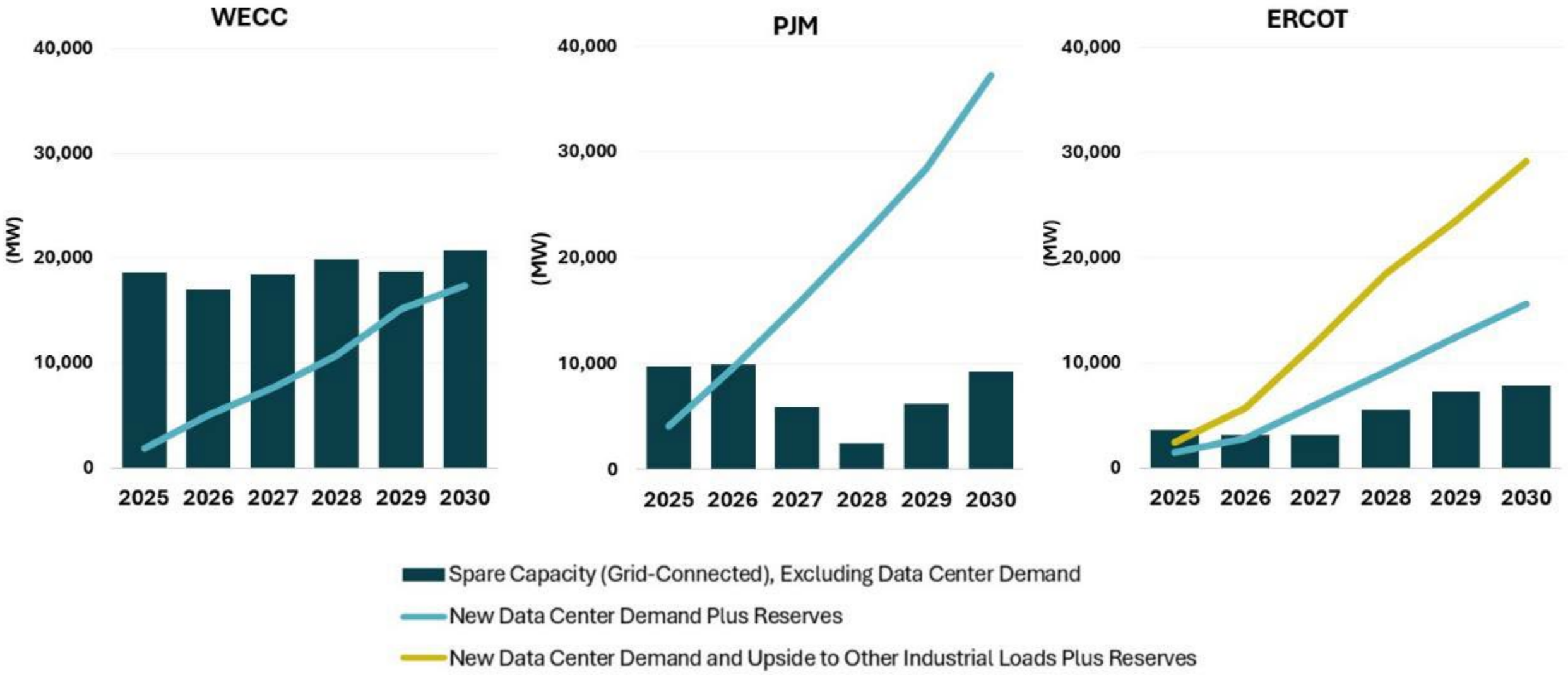


A chart produced by FERC Commissioner David Rosner explaining the new transmission service options available for co-located load customers | *Office of FERC Commissioner David Rosner*

ELECTRIC UTILITY RESPONSE

The most dangerous phrase in the English language is "we've always done it this way"
– US Navy Rear Admiral Grace Hopper

LARGE LOAD GROWTH BY REGION



https://www.spglobal.com/en/research-insights/special-reports/look-forward/data-center-frontiers/navigating-us-data-center-energy-demand

MANAGING CHANGE

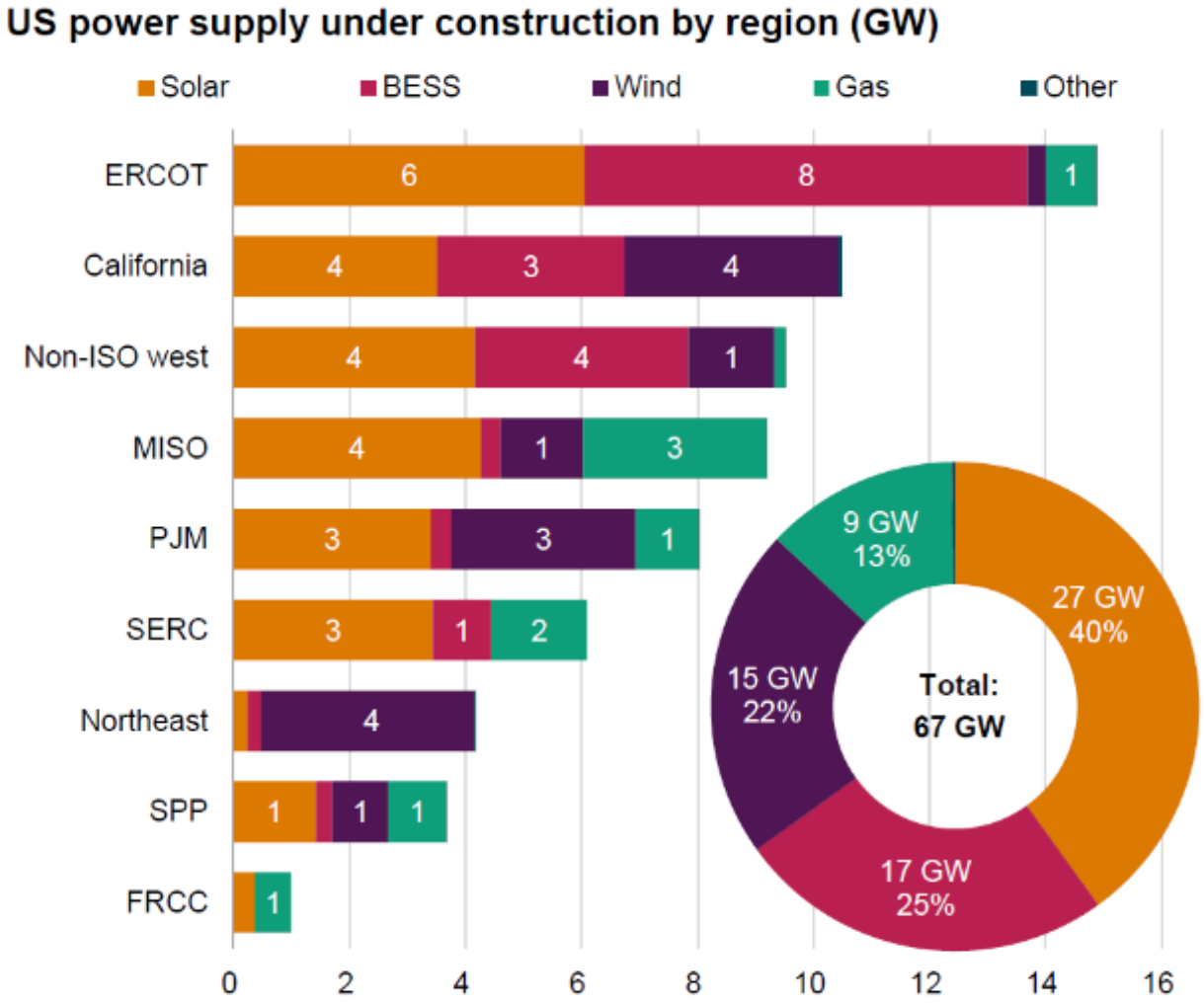
Regulatory Compact

Source: Regulatory Research Associates, a group within S&P Global Commodity Insights

S&P Global
Commodity Insights

- **IOUs and some cooperatives & public power utilities, require state regulatory approval for new generation resources. Typical "new build" process involves:**
  - Strategic Planning (identify need)
  - RFP (competitive solicitation)
  - Engineer / Develop / Construct
- **Monopoly requires obligation to serve with prudent investments**
  - Not built for speed / innovation / risk

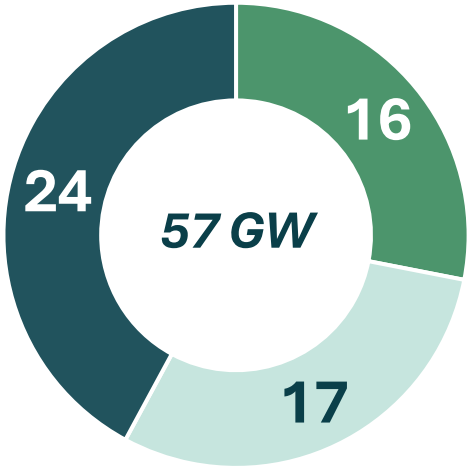
UTILITY OPTIONS

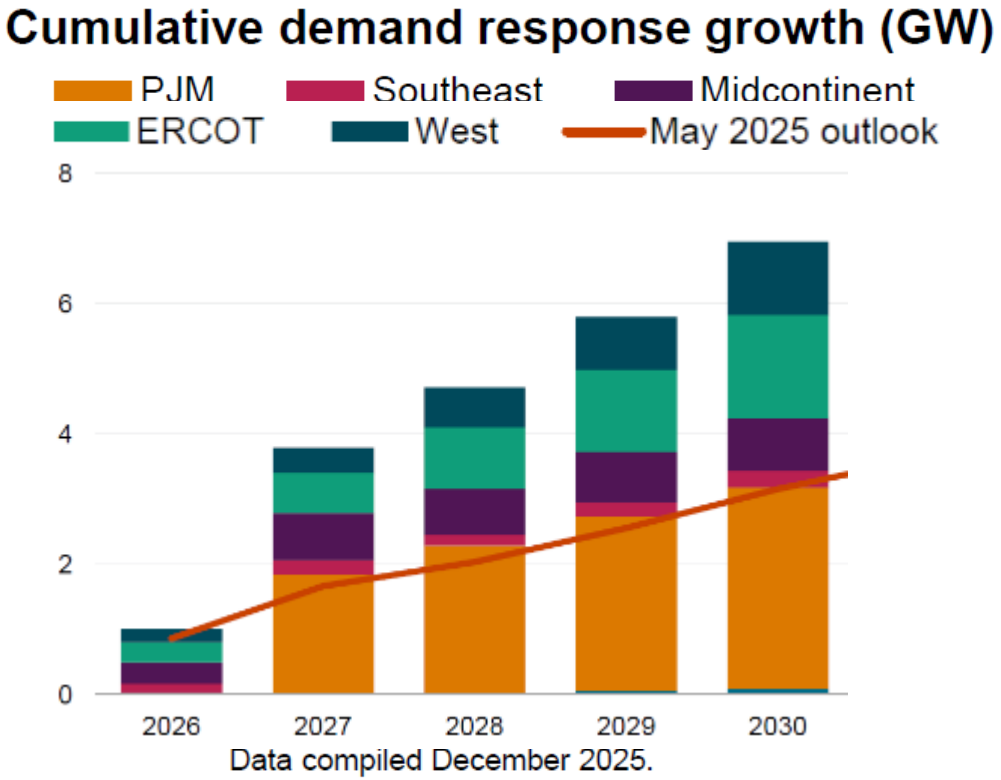


Data compiled November 2025.
BESS = battery energy storage system.
Wind includes onshore and offshore wind. Solar includes only grid-facing, not BTM.
Sources: S&P Global Energy; EIA.

Coal Retirements

- Committed
- Conversion
- Potential





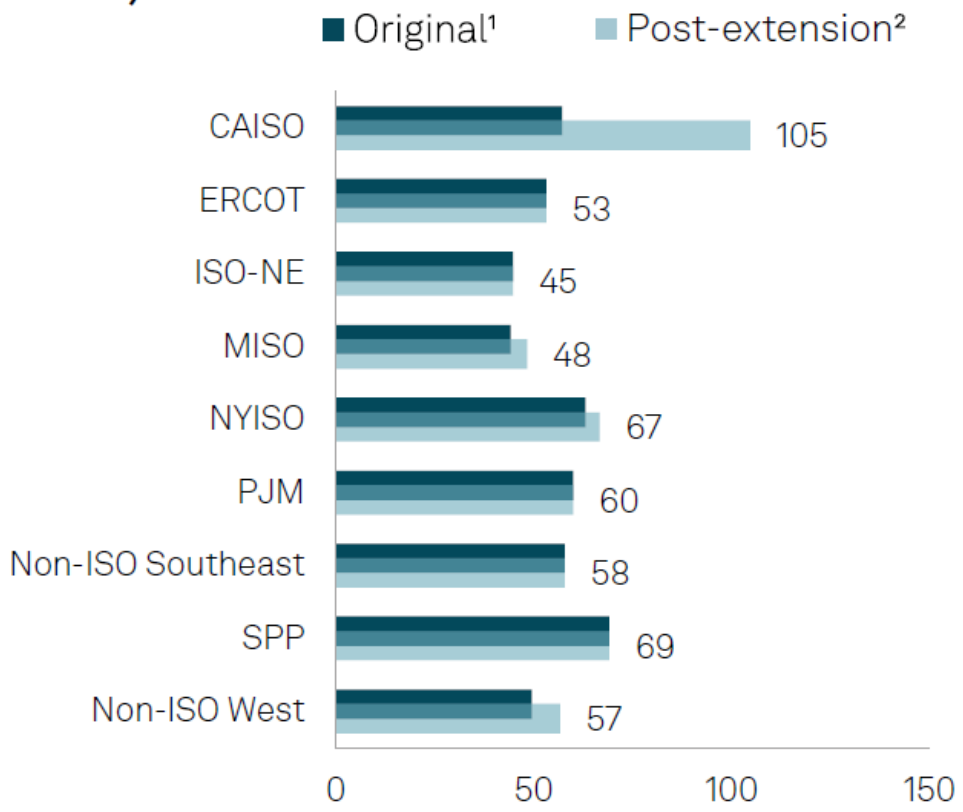
Data compiled December 2025.
Source: S&P Global Energy.

BIG TECH RESPONSE

I'm travelling at the speed of light... I'm a rocket ship on my way to Mars on a collision course."
- Freddie Mercury / Queen (Don't Stop Me Now)

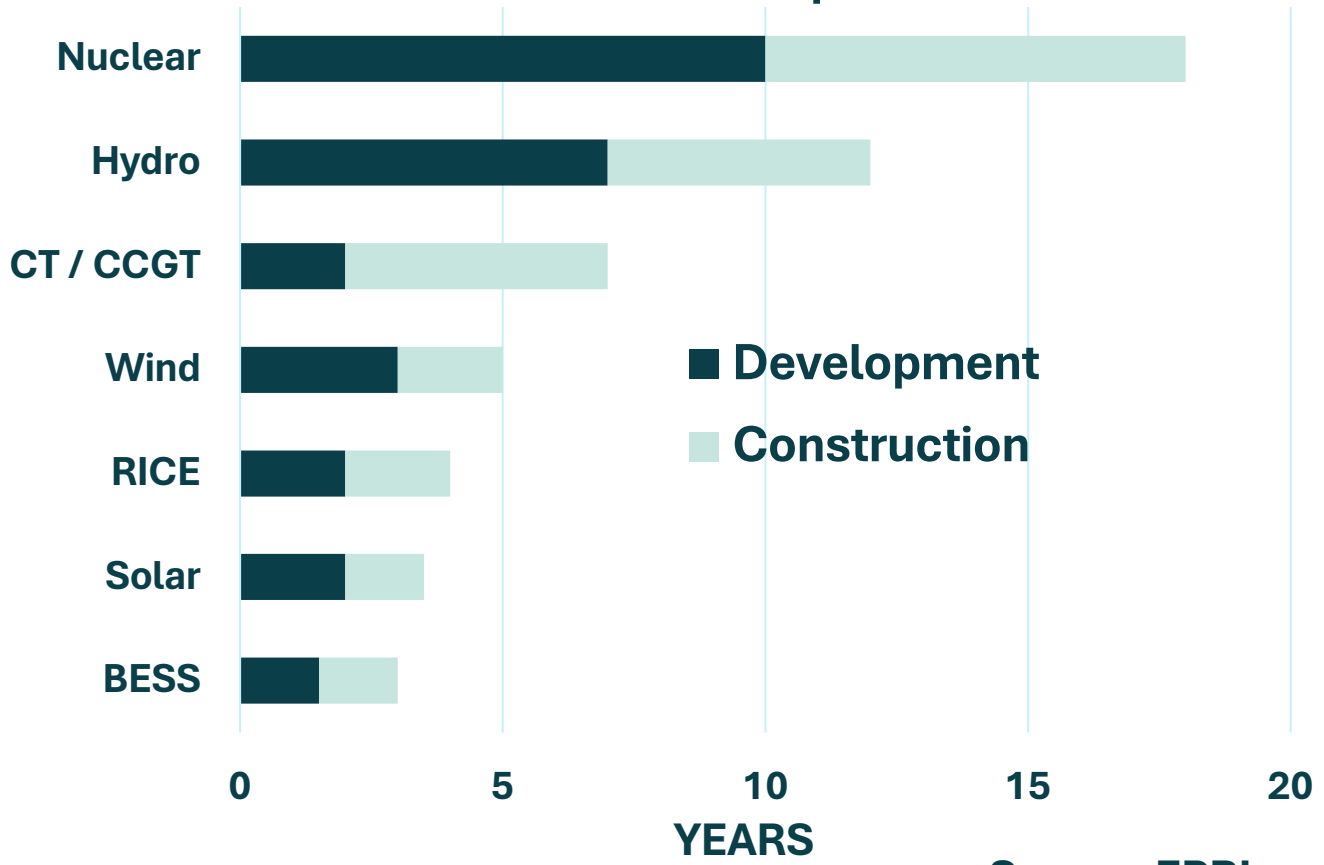
BIG TECH : THE NEED FOR SPEED

Average time from queue date to proposed online date (months)



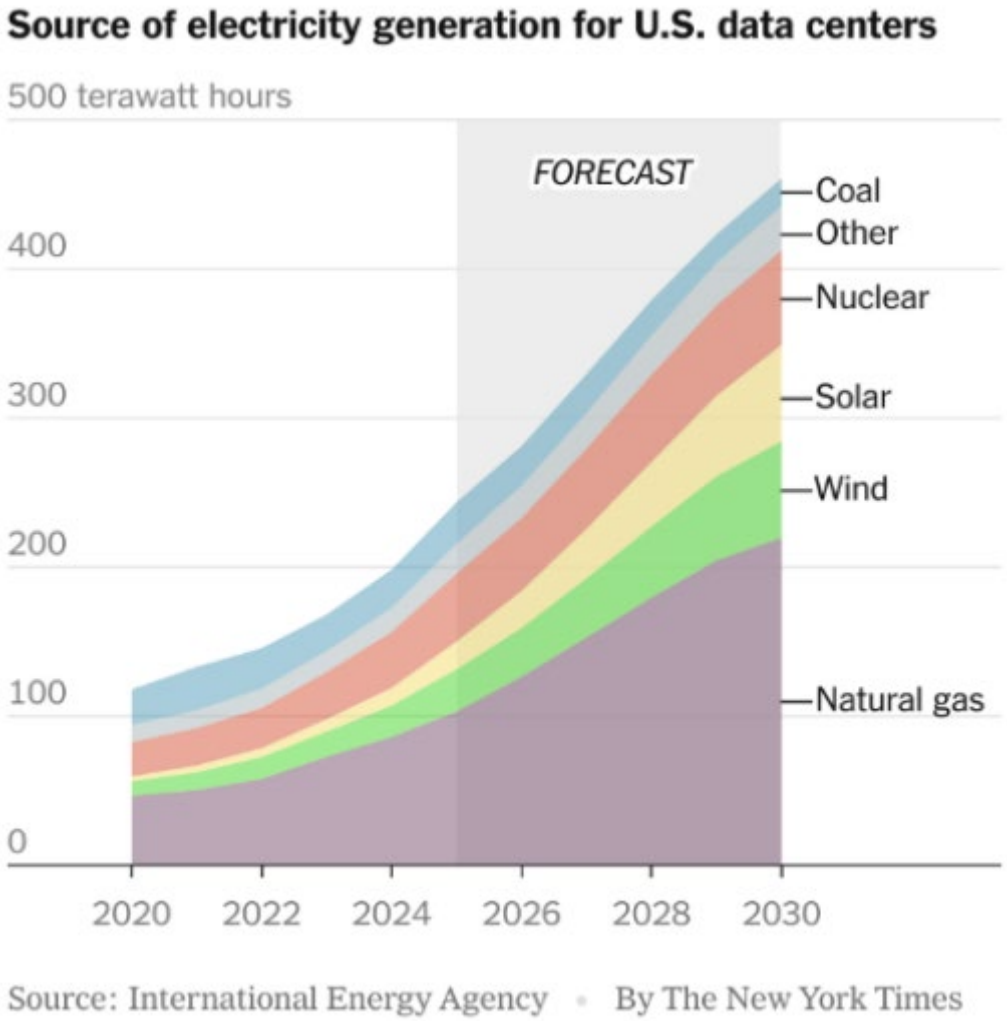
As of June 9, 2025.
¹ Average calculations from queue date to initially proposed online date only.
² Average calculations include available revised online dates.
Active queues only.
Sources: S&P Global Commodity Insights; public company reports.

Traditional Generation Development Timeline



Source: EPRI

NEW MARKET PLAYERS?



Alphabet to Buy Intersect for $4.75 Billion as AI-Investment Plans Grow

Google-parent says buy Intersect's data-center projects that are in development, plus multiple gigawatts of energy and the Intersect team as part of the deal

By Katherine Hamilton Follow
Updated Dec. 22, 2025 12:13 pm ET

As Tech Giants Get More Hands-On With Energy, Their Risks Rise

Hyperscalers are getting involved in earlier stages of power development

Why Don't Data Centers Use More Green Energy?

The New York Times

Reliance on fossil fuels is almost unavoidable — at least for now.

Meta Signs Nuclear Power Deal to Fuel Its AI Ambitions

The tech giant will buy power from an Illinois nuclear plant under a deal with Constellation Energy

By Jennifer Hiller Follow
Updated June 3, 2025 4:48 pm ET

HUNGRY FOR POWER

IOUs Build New Generation

Meta Unveils Sweeping Nuclear-Power Plan to Fuel Its AI Ambitions

Facebook parent will back nuclear projects with Oklo, Bill Gates-backed TerraPower and Vistra

By Jennifer Hiller Follow

Updated Jan. 9, 2026 9:59 am ET

Meta

SCC approves Chesterfield gas plant and Dominion rate hike, creates new rate class for data centers

BY: SHANNON HECKT - NOVEMBER 25, 2025 5:26 PM

amazon

Alphabet to Buy Intersect for $4.75 Billion as AI-Investment Plans Grow

Google-parent says buy Intersect's data-center projects that are in development, plus multiple gigawatts of energy and the Intersect team as part of the deal

By Katherine Hamilton Follow

Updated Dec. 22, 2025 12:13 pm ET

Google

NATIONAL

Three Mile Island nuclear plant will reopen to power Microsoft data centers

SEPTEMBER 20, 2024 · 1:40 PM ET

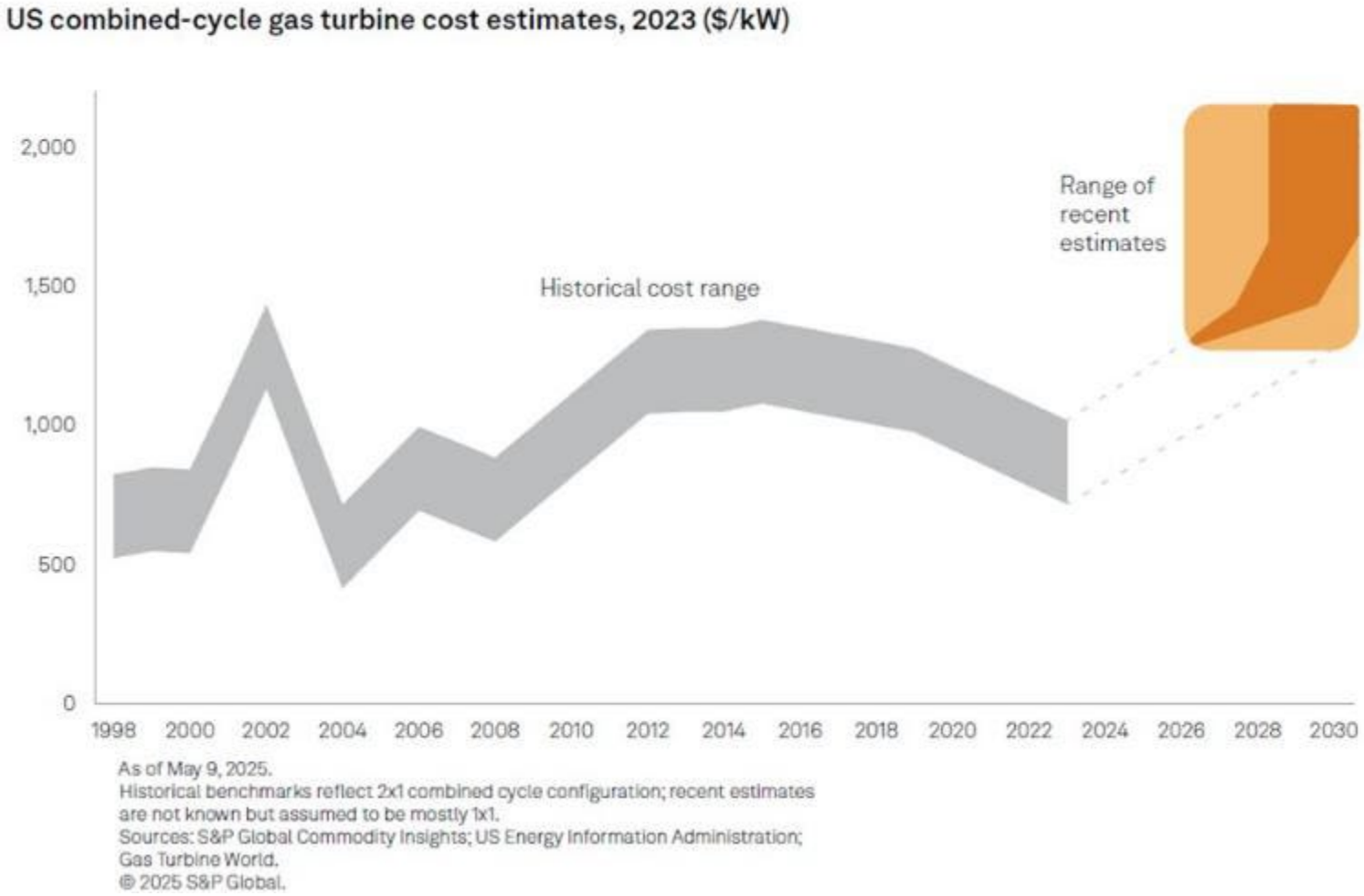
Microsoft

Build Micro-Grids ⟷ **Repower Existing Generation**

HOW DOES THIS END?

Those who cannot remember the past are condemned to repeat it.
– George Santayana

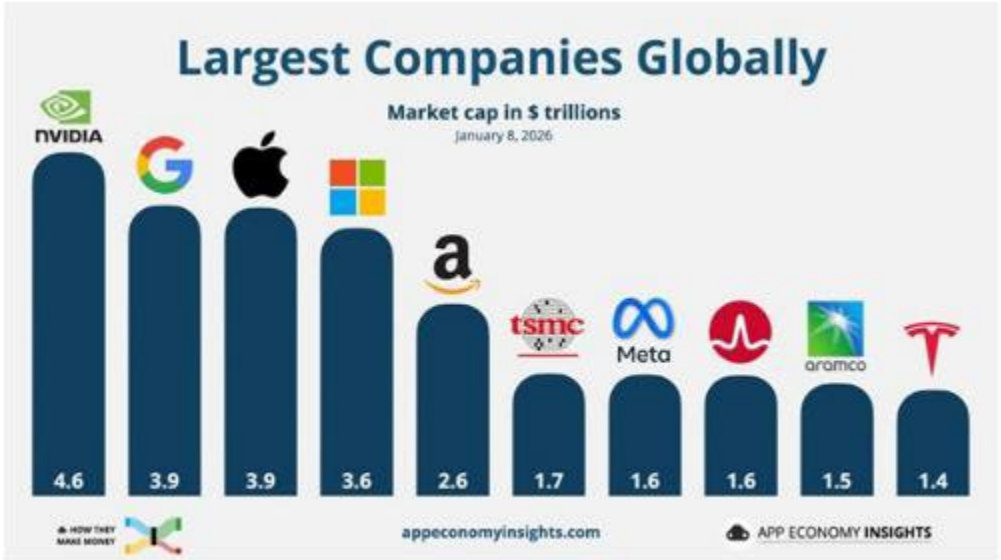
IS THIS SUSTAINABLE?



With electricity bills rising, some states consider new data center laws

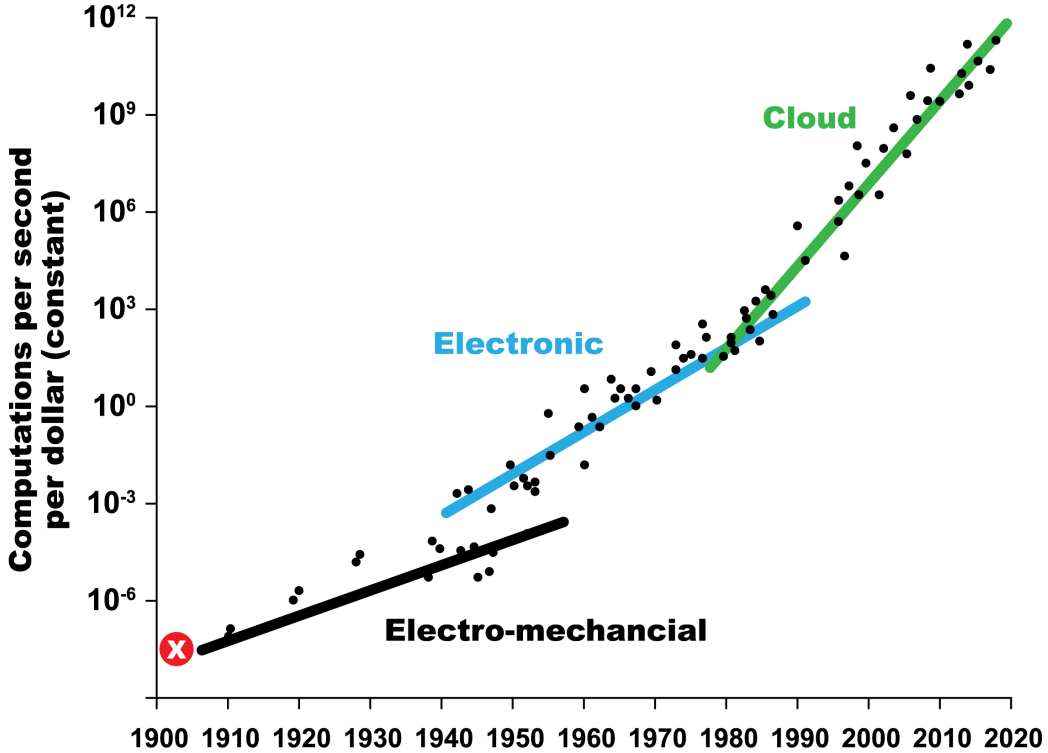
Leaders in at least a dozen states have targeted data centers with separate, higher electric rates.

BY: **KEVIN HARDY** - FEBRUARY 5, 2026 5:00 AM



INNOVATION OR DISRUPTION?

Moore's Law in Action



Source: Mark Mills, "The Cloud Revolution: How the Convergence of New Technologies Will Unleash the Next Economic Boom and A Roaring 2020s" (Encounter Books, 2021)

The New York Times

Siemens Energy Bets $1 Billion That A.I. Power Demand Will Last

The German manufacturer announced plans to expand factories in several U.S. states and build a new plant in Mississippi.

BROOKLYN DAILY EAGLE

WALL ST. IN PANIC AS STOCKS CRASH

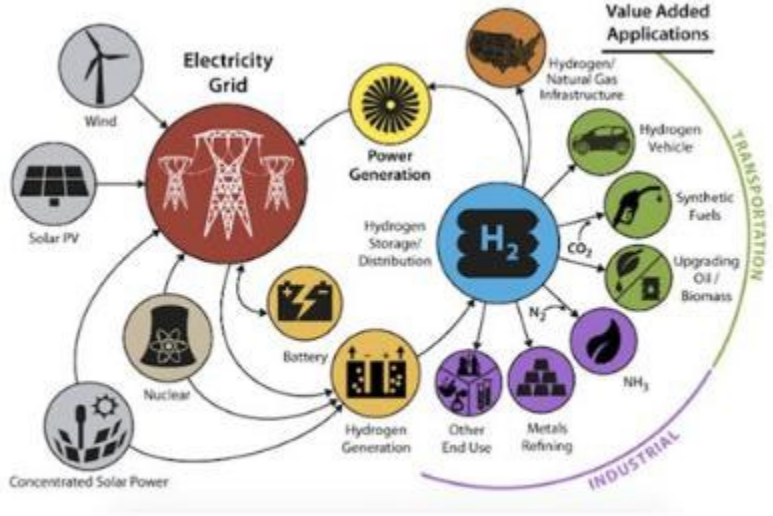
Attempt Made to Kill Italy's Crown Prince

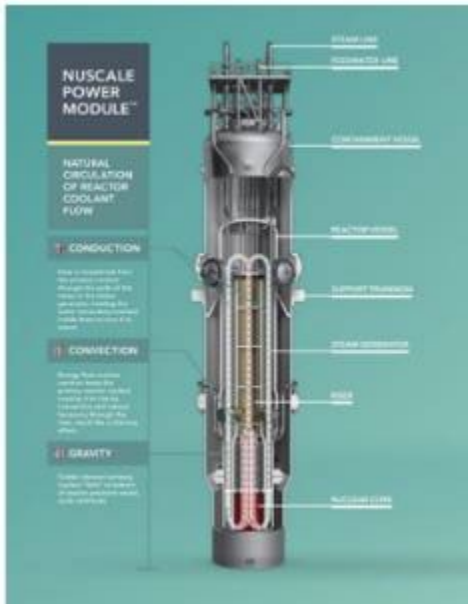
Hollywood Fire Destroys Films Worth Millions

High Duty Group Gave $700,000 to Coolidge Drive

CONTINUOUS INNOVATION & DISRUPTION

- *Economic forces drive competitive outcomes*
- *Multiple developing technologies : reducing time between concept & operation is key*
- *This innovation will eventually provide a capacity cost equilibrium*





QUESTIONS

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