2025 State Grid and Permitting Legislative Landscape

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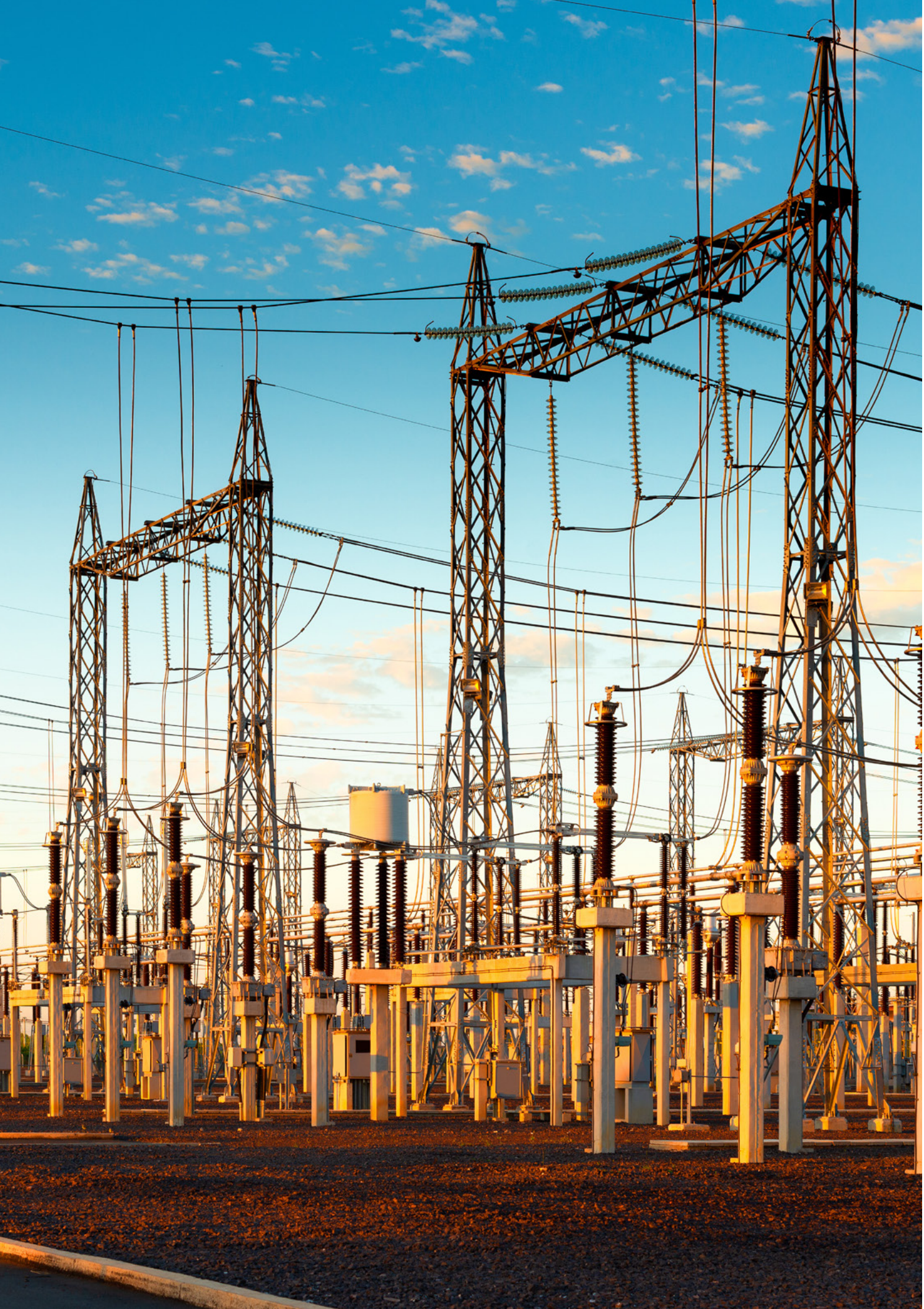


Artificial intelligence (AI) development, data center growth, and new domestic manufacturing heighten the need for legislation to improve permitting, facilitate near term access to power and longer-term electric generation and transmission buildout, and improve grid oversight and electricity affordability.

In the absence of durable federal reforms, states are meeting the moment by developing new legislation to meet the energy needs of the AI race and domestic manufacturing while working to keep customer electricity costs down. Policies that states have passed include innovative state energy policies to attract data center development, create programs that promote reliability and affordability, and develop options for non-traditional generation arrangements combined with pathways to connect to local or regional grids.

To ensure that America wins the AI race and expands economic growth while keeping rates low for customers, more innovative state energy policies are needed, along with federal policy reforms to remove regulatory and market barriers to these innovative state policies.

This memo explores the most notable state level trends and specific representative legislation to guide policymakers.

Key Themes of State Legislative Initiatives

States are advancing policies that expand large-load customer access to flexible power options like behind-the-meter generation and microgrids, enable direct supplier contracts, support voluntary grid-reliability agreements, protect existing ratepayers from cost shifts, increase utility transparency, and require adoption of advanced transmission technologies to maximize grid capacity.

Key Themes

+ Expanding large electric load customer access to behind the meter generation, microgrids, and other flexible and fast arrangements to access power
+ Allowing large load customers to directly contract with suppliers in competitive markets when necessary to speed power access
+ Facilitating new voluntary large load customer contracts to supply emergency energy savings to the grid and to promote backup generating capacity to benefit grid reliability
+ Adoption of regulatory mechanisms to protect existing customers from cost shifts and ensure that new large loads pay their share of the cost of interconnection, development, and construction
+ Ensuring that utilities provide greater transparency on grid capacity and that large load customers provide reasonable commitments and assurances to ease and accelerate planning
+ Requiring the consideration and adoption of advanced transmission grid technology in utility integrated resource plans to quickly get more capacity from existing grid infrastructure

KEY LEGISLATIVE HIGHLIGHTS

Utah — S.B. 132: Electric Utility Amendments

Utah's S.B. 132 creates a framework for rapid data center deployment by defining large-load customers, offering multiple service pathways including independent generation, requiring customers to bear interconnection costs, imposing a 90-day utility response timeline, and serving as a federal model for balancing speed-to-market flexibility with ratepayer protections.

Overview

This legislation, signed into law on March 25, 2025, balances rapid data center deployment with affordability protections for ratepayers.

Key Provisions

+ Defines "large load" customers as those who will reach a cumulative demand of 100 MW or greater in 5 years.
+ Provides three service pathways: traditional utility service, contracting with third-party generation, or developing closed private generation systems. Closed private generation systems allow for large loads to develop power supply independent from the bulk power system.
+ Mandates that incremental costs incurred during interconnection (i.e., development and construction) are fully borne by the large load customer.
+ Creates a strict 90-day timeline for utilities to respond to service requests; if unmet, customers can contract with alternative providers.

Federal Application

Provides a model for tools that facilitate speed to market and bring your own power (BYOP) flexibility while prioritizing ratepayer affordability.

KEY LEGISLATIVE HIGHLIGHTS

West Virginia — H.B. 2014: Power Generation and Consumption Act of 2025

West Virginia's H.B. 2014, was shepherd the law through the legislative process by LAMPer and chair of the Energy and Public Works Committee. Del. Daniel Linville. The bill establishes a Certified Microgrid Program, exempts high impact data centers from key regulations, redirects tax revenue to a state fund, and showcases how microgrids and behind-the-meter generation can accelerate data center power access while serving as a model for federal "bring your own power" (BYOP) strategies.

Overview

This legislation, signed into law on May 1, 2025, enables large load customers to utilize microgrids to quickly obtain power supply.

Key Provisions

Establishes a Certified Microgrid Program for independent data center power sourcing.

- Microgrids are groups of large load customers, generation resources, and/or energy storage solutions that operate as a single entity in relation to the grid. They can be isolated or connected to the bulk power system.
- Exempts high impact data centers from zoning, permitting, and PSC jurisdiction, speeding up the development timeline.
- Diverts property tax revenue away from local governments into a state level income tax reduction fund.

Federal Application

Demonstrates the potential of microgrids and behind-the-meter generation as part of an ensemble of "bring your own power" (BYOP) solutions to be part of a strategy for attracting data center development.

KEY LEGISLATIVE HIGHLIGHTS

Ohio — H.B. 15: Amend Competitive Retail Electric Service Law

Ohio's H.B. 15 streamlines permitting, expands behind-the-meter and self-generation options including multi-customer microgrids, mandates faster siting approvals and grid-enhancing technology adoption, increases utility transparency and rate review, and serves as a federal model for permitting reform and industrial-scale power access.

Overview

This legislation, signed into law on May 16, 2025, streamlines permitting, expands behind-the-meter generation opportunities for large load customers, creates an innovative new kind of microgrid and encourages grid enhancing technology adoption.

Key Provisions

+ Expands self-generation development options for large customers (≥700,000 kWh/year), including the ability to develop multi customer microgrids and private networks outside of the bulk power system.
+ Removes stringent location requirements for behind-the-meter generation location and siting.
+ Accelerates siting approvals with an automatic approval process if Ohio Power Siting Board fails to act within 150 days.
+ Requires consideration of grid enhancing technologies and advanced transmission technology in transmission planning.
+ Exempts large load customer and third party contracts from regulation by Ohio's Public Utility Commission (PUC).
+ Encourages generation and transmission development on brownfields.
+ Requires utilities to increase transparency of available grid capacity to facilitate efficient location of large load customer facilities.
+ Requires new utility rate cases every 3 years.

Federal Application

Provides a template for permitting reform, accelerating advanced grid technology adoption, and creation of industrial park-scale behind-the-meter generation networks and microgrids to accelerate access to power.

KEY LEGISLATIVE HIGHLIGHTS

Texas — S.B. 6: Relating to the Planning for, Interconnection and Operation of, and Costs Related to Providing Service for Certain Electrical Loads

Texas's S.B. 6 places interconnection and upgrade costs on large-load customers, increases transparency and oversight of private generation, and establishes emergency curtailment protocols, offering a federal model for balancing speed-to-market with reliability and cost protections.

Overview

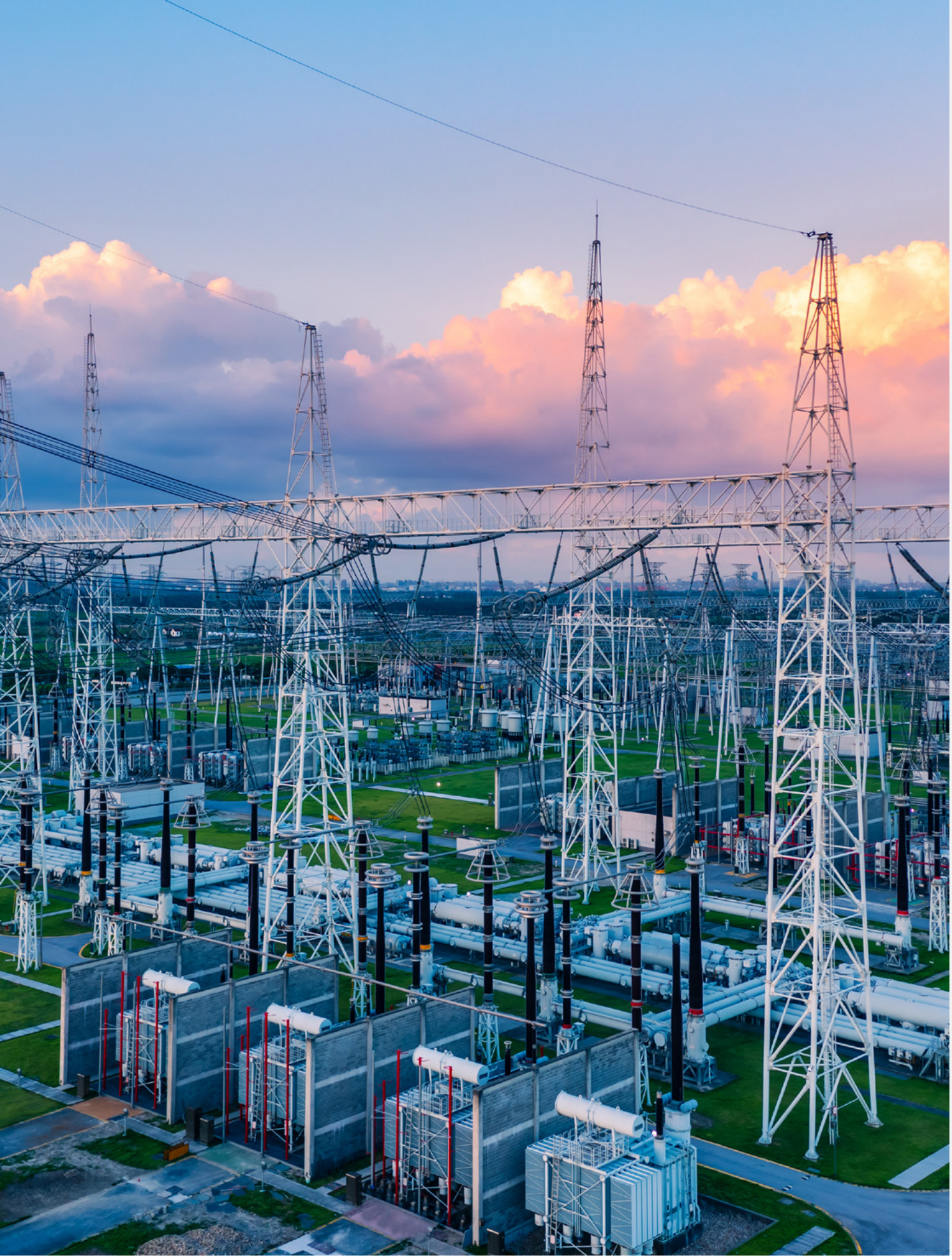
This legislation, signed into law on June 22, 2025, is aimed at reducing reliability and customer cost risks of large load interconnections, while leveraging speed to market solutions provided by Texas's competitive wholesale and retail power market.

Key Provisions

+ Ensures that financial responsibility for interconnection and grid upgrades to large load customers (>75 MW) stays with those customers and requires large load customers to prove adequate financial investment to ensure completion and avoid stranded costs.
+ Requires transparency on backup generation and system-wide energy usage.
+ Expands oversight of behind-the-meter and co-location agreements.
+ Establishes emergency protocols allowing Electric Reliability Council of Texas (ERCOT) to curtail large load customer consumption or require use of on-site generation during grid reliability events.

Federal Application

Provides example of utilization of demand side tools and private generation to protect system stability and of need for clear protocols for when curtailment of large loads may occur.



KEY LEGISLATIVE HIGHLIGHTS

New Mexico — H.B. 93: Advanced Grid Technology Act

New Mexico's H.B. 93 requires utilities to integrate advanced grid technologies into planning, authorizes tariff riders and cost-sharing for upgrades, expands microgrid options, and provides a federal model for boosting capacity, reliability, and customer flexibility through grid modernization.

Overview

This legislation, signed into law on April 8, 2025, directs utilities to actively consider advanced grid technology projects in grid planning.

Key Provisions

+ Requires utilities to include advanced transmission technologies and grid modernization strategies into their integrated resources plans (IRP) to reduce ratepayer costs, assist with grid reliability, diversify energy resources, and quickly increase the carrying capacity of existing power lines. Grid modernization strategies can include advanced metering techniques, real time information sharing, automated control systems, high speed grid communication devices, distribution hardening projects, physical and cybersecurity measures, and advanced grid components.
+ Allows utilities to apply to implement a tariff rider to pay for advanced grid technology upgrades. If not addressed or suspended by regulators after 30 days, the tariff rider will be implemented.
+ Requires cost sharing between residential and transmission level customers when distributing advanced grid modernization costs.
+ PUC to authorize utilities who operate in multiple states to coordinate state resource planning requirements.
+ Distribution utility cooperatives to periodically assess efficiency and cost-effective grid upgrades. Grid upgrades can be recovered in rates upon request approval.
+ Allows self-sourced power generation through microgrid connection with utility contract approval.

Federal Application

Provides a model for pursuing adoption of advanced grid technology that gets more capacity out of the existing system and expands customer options for flexible power sourcing and off-grid power supply.

KEY LEGISLATIVE HIGHLIGHTS

New Hampshire — H.B. 672: Off-grid Electricity Solutions

New Hampshire's H.B. 672 creates a new category of off-grid electricity providers exempt from PUC regulation if disconnected from the grid, establishing a market-based model for rapidly delivering power to large-load customers while maintaining basic safety and reliability standards.

Overview

This legislation, signed into law August 1, 2025, creates off-grid electricity generation categories.

Key Provisions

+ Establishes a new legal category of "off-grid electricity providers," allowing entities to generate, distribute, and sell electricity independently of the regulated electric grid.
+ Off-grid providers are not treated as utilities and are exempt from oversight and regulation by the New Hampshire Public Utilities Commission (PUC) so long as they do not connect to the regulated grid.
+ Off-grid providers must still meet basic safety, reliability, and transparency standards.

Federal Application

Provides an example of an aggressive market-based approach to facilitating speed to power for large load customers.

KEY LEGISLATIVE HIGHLIGHTS

South Carolina — H.3309: South Carolina Energy Security Act

South Carolina's H.3309 strengthens state energy policy by requiring regular IRPs with advanced forecasting, mandating utility procurement of renewables and storage, expanding demand-side management, and exploring bulk power solutions. The bill offers a federal model for comprehensive planning to balance large-load growth with affordability and reliability.

Overview

This legislation, signed into law on May 12, 2025, holistically addresses unprecedented economic growth and corresponding generation needs. It refines existing regulatory processes and state energy policy.

Key Provisions

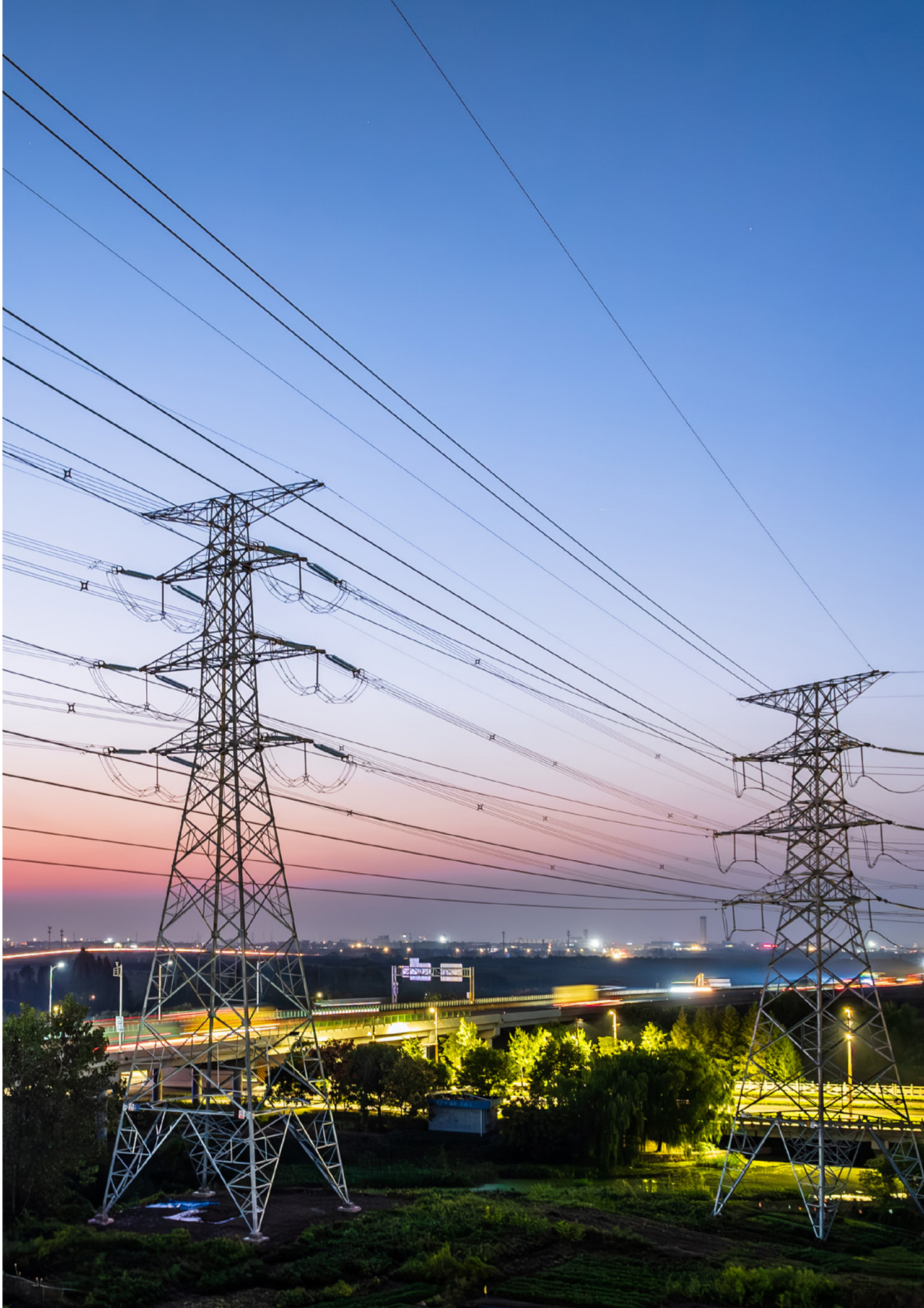
+ Requires utilities to explore bulk power solutions for non-residential customers that are larger than 25 MW.
+ Encourages utilities to incorporate customers with needs of over 50 MW
+ All load serving entities are required to file an integrated resource plan (IRP) at least every 3 years.
+ Requires IRPs to include long-term load forecasting to address peak demand reduction and use of grid enhancing technologies (GET) and alternative transmission technologies to upgrade existing grid infrastructure.
+ Requires utilities to competitively procure renewable energy, co-generated storage capacity, co-located energy storage, and seek out stand-alone storage additions that are independent from the utility's ownership.
+ Requires utilities to provide consistent reports and to invest in customer access to demand side management programs to reduce costs and increase efficiency in times of congestion or emergency.

Federal Application

Provides an example of a comprehensive regulatory approach to large customer load growth and rising customer costs that incorporates traditional regulatory tools like IRP planning, emphasis on use of technology to get more out of the existing grid, and deployment of competition and demand-side measures to empower consumers and discipline prices.

Together, these state initiatives illustrate the urgency and creativity with which legislatures are responding to unprecedented electricity demand from AI, data centers, and new manufacturing.

While each state takes a different approach, ranging from microgrid expansion and off-grid generation to advanced transmission technologies and integrated resource planning, the common thread is a focus on speed to power, protection of existing ratepayers, and modernization of the grid. Federal policymakers now face a critical opportunity: to harmonize these innovations, remove regulatory barriers, and create a durable national framework that supports both economic growth and affordable, reliable electricity for all consumers.



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