

Fall 2025

ENERGY INDUSTRY UPDATE



GAS SECTOR DEVELOPMENTS

1. Why is U.S. natural gas production continuing to rise in 2025?

Answer:

Production is up due to strong output from the Permian, Appalachia, and Haynesville regions. Even though oil prices have been low, gas-focused rigs have increased, supporting growth.

2. What is driving higher demand for natural gas?

Answer:

Gas-fired electricity remains the largest share of U.S. generation, and fast-growing data center loads are expected to add 10 to 18 Bcf/day of gas demand by 2030.

3. How could LNG exports impact the U.S. market?

Answer:

The pause in LNG approvals ended in 2025, and new capacity may increase exports. Price impacts are uncertain due to the potential for global oversupply.

POWER MARKET DEVELOPMENTS

1. Why are PJM capacity prices rising?

Answer:

Higher load forecasts, plant retirements, and a new accreditation method (marginal ELCC) that discounts intermittent and gas resources have pushed prices to the highest levels in a decade.

2. What is ISO-New England learning about achieving net-zero goals?

Answer:

The last 10–15% of decarbonization is far more expensive, requiring SMRs and long-duration storage — both still pre-commercial.

THE OUTLOOK FOR RENEWABLES

1. How is federal policy affecting renewable development?

Answer:

- New tariffs, leasing pauses, and the OBBBA's changes to tax credits increase cost and compress timelines for wind and solar buildout.

2. Despite headwinds, why are renewables still competitive?

Answer:

- Solar and wind remain cost-effective and fast to build, and storage retains full tax credit eligibility, positioning it firmly for near-term growth.

3. What's driving continued renewable activity?

Answer:

Huge corporate demand — especially from Amazon, Meta, and Microsoft — is driving interconnection queues dominated by solar, wind, and storage across nearly every region.

EPA RULE AND POLICY CHANGES

1. What is the EPA proposing to change?

Answer:

The administration is moving to repeal the 2024 GHG and MATS rules, potentially rolling back carbon and toxic emissions requirements for fossil-fired plants.

2. Why is the 2009 Endangerment Finding significant?

Answer:

It underpins EPA's authority to regulate GHG emissions. Its proposed rescission could reshape federal climate regulation for years.

IBERIAN PENINSULA BLACKOUT

1. What caused the April 2025 blackout in Spain and Portugal?

Answer:

A combination of weak grid conditions, inverter-based resource disconnections, voltage instability, and low inertia triggered cascading outages.

2. Could something similar happen in North America?

Answer:

NERC says current standards reduce this risk, but highlights the need for new frameworks to address the rise in inverter-based resources and large loads.

DOE-FERC LARGE LOAD INTERCONNECTION

1. Why is DOE directing FERC to create a rule for large-load interconnection?

Answer:

Rapid growth in data centers and other large loads requires standardized, faster processes similar to generator interconnection rules.

2. What would the new rules require?

Answer:

Standardized studies, readiness milestones, cost responsibility for upgrades, and an expedited track for curtailable loads >20 MW.

