



Powering Affordability

A Business-Backed Playbook for a Modern Clean Energy System

July 2026



Introduction

Energy affordability is a top concern for both businesses and everyday Americans. Electricity rates are rising around the country, and there is no single factor to blame.

New large power users, like AI data centers, are driving up demand, but the power grid is also aging and desperately in need of modernization. The energy sector has faced supply chain backlogs and other economic challenges in recent years that add to this complex problem set.

For businesses, it means higher operational costs and new constraints on their customers. Manufacturers are seeing higher costs for making advanced clean energy systems and chips for the computers, cars, and goods we use every day. Hospitals and health systems are paying more to keep the lights on and the machines running. Large retailers who want to power their operations with clean energy are facing constraints to develop and buy wind and solar power.

For state policymakers, it is an opportunity to meet the moment with commonsense, bipartisan solutions.

Governors and state legislators need to show constituents they are delivering on promises to keep power prices down in the near term. At the same time, businesses in their states and districts make decisions on 20-to-30-year timescales. They need long-term certainty to invest.

Ceres is a nonprofit advocacy organization that works with companies, investors, and policymakers to tackle sustainability challenges and build a stronger, more resilient economy. Drawing from our work with more than 70 major companies in the Ceres Policy Network, this playbook outlines three strategies for policymakers to curb rising energy prices:

- Optimizing grid capacity
- Accelerating interconnection
- Expanding energy efficiency and demand flexibility

Companies across the economy support these solutions. States that modernize their energy systems around them will be better positioned to grow their economies and attract business investment.

“The energy sector is at a critical juncture. Businesses and consumers will shoulder the burden of higher energy prices if policymakers don’t act. We need commonsense policy from states to modernize the power grid and continue deploying cheap clean energy.”

— Hugh Welsh, President and General Counsel, dsm-firmenich North America



What is causing higher energy prices?

1. Aging infrastructure

Much of the U.S. electric grid was constructed in the 1960s and 1970s and is now nearing the end of its anticipated lifespan.

- a. That is leading to **large capital expenditures**, which is driving up costs for consumers, alongside ongoing maintenance expenses, inefficiencies, and emergency repairs.
- b. After years of deferred investment, much of the power grid now needs to be modernized to meet higher demand and integrate new technologies like rooftop solar and battery storage.

2. Influx of new demand

AI data centers could require **194 gigawatts of power** in the U.S. by 2035—roughly 19 times the **summer peak demand** in New York City. The U.S. has also seen new investments in factories and manufacturing facilities over the past ten years that need energy to grow.

- a. At the same time, consumers are increasingly electrifying their homes and charging electric vehicles on the grid.
- b. None of these factors is inherently bad—new demand means the economy is growing—but they are colliding to strain the grid and drive up prices.

3. Economic challenges

Tariffs on key energy and grid components, global supply chain disruptions, and geopolitical uncertainty have caused electricity prices to rise **significantly faster** than the rate of general inflation.

- a. Electricity users are also exposed to volatile international oil and gas markets because natural gas is often used to generate electricity.

4. Utility investment structures

Current regulatory models allow utilities to earn a return on equity based on their infrastructure investments rather than incentivizing the cheapest mix of infrastructure and programmatic solutions.

- a. Utility companies are responsible for providing reliable service and therefore must play it safe to ensure they always have enough capacity to meet demand.
- b. This can make it harder to fully capture savings from alternatives such as energy efficiency, demand response, or distributed energy resources, even when those options are more cost-effective.





“We want to make everyday consumer products more sustainable, but we can’t do it without affordable energy and a modern power grid. It’s time for policymakers to get moving on bipartisan reforms to our energy systems that will keep power clean and prices low.”

— Kaley Cross, Sustainability Manager, Grove Collaborative



1 Optimizing grid capacity

Impact: Immediate and medium term

Why it matters

Maximizing the use of transmission and distribution assets that are already in place helps to avoid the need for new infrastructure, which is a major driver of higher costs.

- The current power grid is inefficient. Most of the time, we only use about **50% of its capacity**.
- Many utilities will have to build some new infrastructure to meet peak demand, but that will be expensive, and those costs are passed down to businesses and households.
- It is cheaper to optimize the grid as much as possible and ensure the existing system functions more efficiently.
- An optimized grid also brings more flexibility and resilience, which saves money in the long term.

“We strive to make our products with sustainability in mind, and clean energy is critical to that goal. In our industry, aging power infrastructure and higher energy prices can significantly impact our ability to remain competitive. We’re asking policymakers to help modernize the system with clean, affordable power and keep energy affordable for everyone.”

— *Mandi McKay,*
Chief Sustainability and Social Impact Officer, Sierra Nevada Brewing Co.

What it achieves

Policymakers should enable grid operators to deploy technological solutions to modernize the grid:

- **Grid enhancing technologies (GETs)** use software, sensors, and power-flow controls to reduce congestion and better utilize existing power lines.
- **Advanced transmission technologies (ATTs)** are hardware upgrades, such as advanced conductors, that physically increase the capacity of power lines.
- **Virtual power plants (VPPs)** are networks of distributed energy resources, such as solar panels, batteries, electric vehicle charging infrastructure, and smart thermostats, that effectively act as a single power plant. When demand spikes, utilities can tap these systems to bring power back onto the grid, instead of relying on expensive peaker plants often powered by fossil fuels.
- **Grid utilization metrics** are measurements utilities collect to evaluate how the existing grid is performing and find ways to make it more efficient by deploying solutions to increase the capacity of existing infrastructure.

Why businesses support it

These solutions are **cost-effective** and technology-neutral, and they bring immediate benefits. Importantly, the policy to deploy them can take many forms and does not have to involve strict mandates. Incentives and voluntary programs can push utilities to deploy GETs, ATTs, and VPPs much more widely.



CASE STUDY Using more of the grid in Virginia

Challenge

Virginia has the world's largest concentration of data centers, and energy use is growing as tech companies look to accommodate power-hungry AI models. Virginia experienced the **fastest growth in commercial electricity sales** between 2019 and 2025 of any state except for Texas. That was primarily driven by data centers, as well as the electrification of buildings and transportation.

Solution

In the 2026 legislative session, Virginia lawmakers took an innovative approach to tackling this challenge by optimizing the power grid.

A broad coalition of tech companies, manufacturers, and policy experts helped develop a proposal requiring utilities to collect grid utilization metrics to measure how existing power lines are performing. That includes how much of the grid gets used at times of peak demand and how much electricity is lost as it moves through the lines to power homes and businesses.

To figure out how to use more of the grid, it helps to know what is being used and when. Collecting data helps determine where there is unexpected capacity available and how utilities can deploy technology to make existing infrastructure more efficient.

Results

The legislature passed a bipartisan grid utilization metrics bill, and Gov. Abigail Spanberger signed it into law. It was the first of its kind anywhere in the country, and lawmakers in other states have an opportunity to replicate this innovation.

The metrics collected under the new law will help utilities deploy grid enhancing technologies, energy storage, and other solutions to increase the capacity of existing infrastructure.

It is a starting point, not a silver bullet, and lawmakers in Virginia will likely need to do more to optimize the grid in the coming years. But it is a technology-neutral nudge that businesses support to deliver more capacity now, keep energy affordable and resilient for everyone in the state, and avoid building expensive new infrastructure.



2 Accelerating Interconnection

Impact: Medium and long term

Why it matters

Wind, solar, and batteries are often the **cheapest ways to add new power** to the grid to meet demand. But states and regional transmission organizations have significant backlogs of clean power projects waiting to connect due to outdated and inefficient rules.

- Interconnection backlogs raise energy prices because they make projects more expensive, increase reliance on high-cost generation, and cause market volatility.
- This is a red tape problem. By fixing these processes, states can bring cheap power to the grid to ease price pressure over the next few years while also building a cleaner system for the future.

What it achieves

State lawmakers should enact a suite of permitting and interconnection process reforms to make it easier to build new energy projects:

- **Eliminate redundant or outdated siting requirements:**
Large energy projects are often subject to extensive state siting requirements. It is reasonable for states to weigh in on the location of major infrastructure development, but too often, these requirements for clean energy and transmission **add risk, time, and cost.**
- **Reform permitting processes**
Environmental laws protect everyone from the costs of pollution, but they can be simpler and less bureaucratic for businesses to navigate.

- **Establish clear timelines for project approvals**

A shot clock for permitting approvals is a basic transparency measure. It should be clear to everyone involved exactly how long the process will take, which in turn lowers costs and provides project developers the certainty to invest. Notably, Congress has already put a shot clock in place for certain federal environmental reviews.

- **Improve interconnection queues**

Clean energy projects often sit in line for years waiting for approval to hook up to the grid. Cluster studies, standardized requirements, and transparent cost allocation can reduce delays, minimize project withdrawals, and allow projects to move through the queue efficiently.

- **Expand grid transparency**

Policymakers should provide developers with better data on available capacity and what the grid needs to function. That helps site projects more strategically, reducing unnecessary studies and costly upgrades.

Why businesses support it

Environmental laws provide important protections, but no company wants their project subject to excessive red tape, nor do they want to see a clean power project they plan to rely on delayed for years on end.

For the business community, it is increasingly clear that our permitting and interconnection processes need reform to build the economy of the future. Companies across the economy—from retail to manufacturing to the energy sector—are advocating for many of these commonsense improvements at both the state and federal levels.



CASE STUDY Streamlining clean energy permitting in Minnesota

Challenge

Minnesota has ambitious clean energy deployment goals, but for years, an outdated permitting process stood in the way. Siting and permitting has long been among the largest roadblocks to deploying renewable projects across the Midwest, with wind, solar, energy storage, and transmission projects facing slow, unpredictable review timelines.

Without reform, the state risked falling short of its target to reach 100% carbon-free electricity by 2040 and losing out on the grid reliability and affordability benefits that new infrastructure could deliver.

Solution

During the 2024 legislative session, Minnesota lawmakers **took up** the Energy Infrastructure Permitting Act. The bipartisan bill aimed to remove procedural roadblocks in the permitting and interconnection process for new clean energy projects.

The Minnesota Public Utilities Commission led a stakeholder process to shape the reforms by identifying ways to shorten permitting timelines without sacrificing public input.

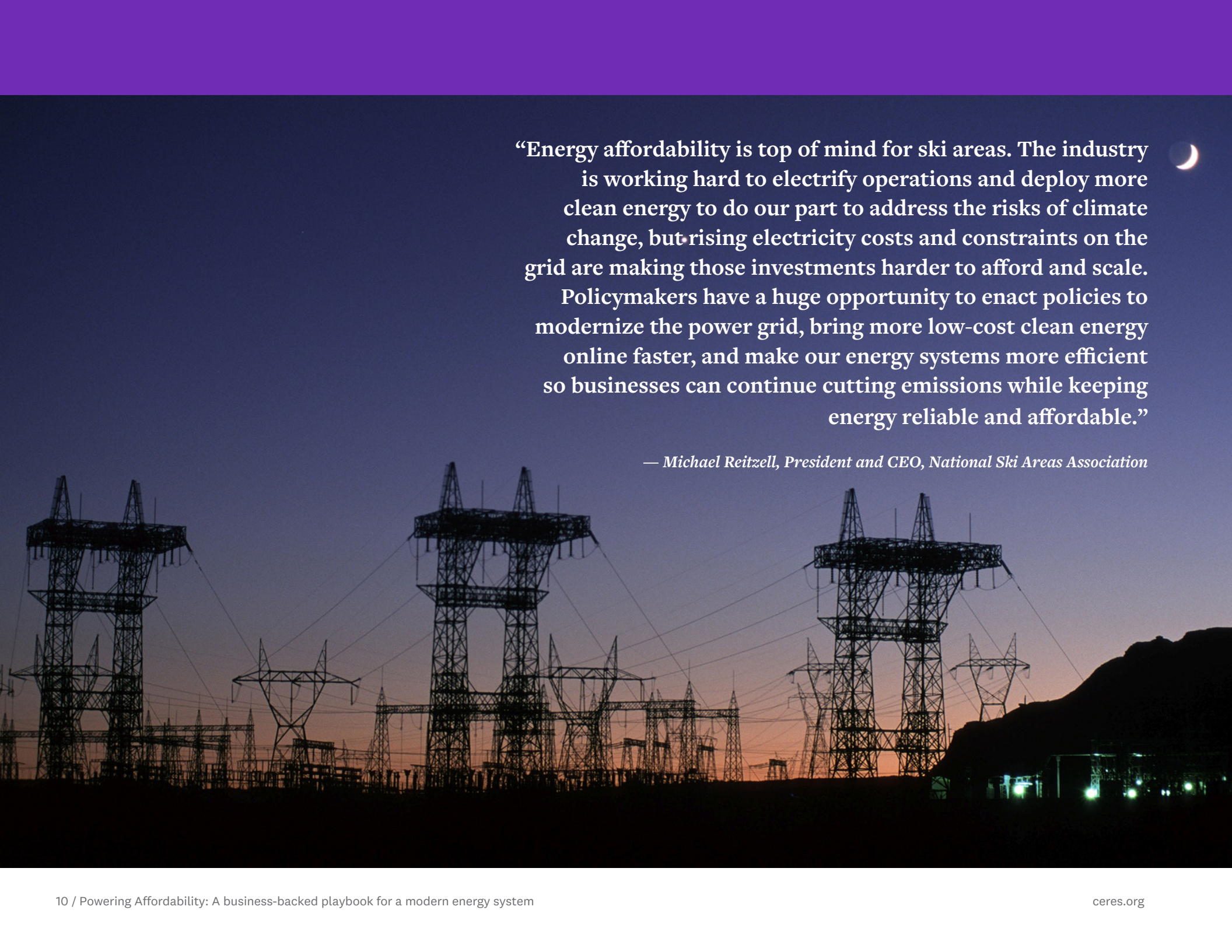
A broad coalition backed the effort, and **business shared their support**, demonstrating that the state's major employers and institutions support policies to build a cleaner, more reliable grid.

Results

The Minnesota Legislature passed the Minnesota Energy Infrastructure Permitting Act in 2024, and Gov. Tim Walz **signed it into law** as part of a broader energy and permitting reform package.

The legislation consolidates permitting processes for wind, solar, transmission, electric generation, and energy storage systems into two primary pathways, replacing a patchwork of separate, redundant procedures. It also exempts most renewable energy projects from an additional review layer under the state's certificate of need requirements.

These reforms create a faster, more predictable permitting process for clean energy infrastructure while maintaining environmental and public participation standards. Industry stakeholders described the legislation as the culmination of nearly a decade of collaboration to modernize Minnesota's permitting framework. The law will help Minnesota deploy low-cost energy quickly to meet both rising demand and the state's clean energy targets, offering a model for states nationwide.



“Energy affordability is top of mind for ski areas. The industry is working hard to electrify operations and deploy more clean energy to do our part to address the risks of climate change, but rising electricity costs and constraints on the grid are making those investments harder to afford and scale. Policymakers have a huge opportunity to enact policies to modernize the power grid, bring more low-cost clean energy online faster, and make our energy systems more efficient so businesses can continue cutting emissions while keeping energy reliable and affordable.”

— Michael Reitzell, President and CEO, National Ski Areas Association

3 Expanding energy efficiency and demand flexibility

Impact: Immediate and long term

Why it matters

Reducing energy use and peak demand is one of the simplest and most effective ways to tackle affordability.

- Energy efficiency and demand flexibility programs can act like a power plant by opening capacity on the grid—at a much lower cost.
- That limits the need for expensive new generation, infrastructure upgrades, and peak-hour charges.
- By reducing peak demand and consumption overall, these measures make more room on the grid for economic growth.

What it achieves

Every state has some [energy efficiency programs](#) in place, but the impact and quality of those programs differs dramatically. Policymakers have a wide range of tools at their disposal to expand them and to make efficiency and demand response measures work for their respective states:

- **Financial incentives and rebates** help businesses and consumers install energy efficiency upgrades that lower their monthly power bills. These programs reduce strain on the wider grid and save money even for those who choose not to upgrade their own systems.

- **Demand response programs** encourage homes and businesses to reduce or shift their electricity use during peak hours, rewarding participants with bill credits, payments, or lower rates. Using less energy when the grid is most strained lowers system costs and avoids expensive infrastructure upgrades to accommodate large new power users.
- **Expanded weatherization and LIHEAP programs** help households maximize their energy efficiency, lowering utility bills and overall demand. LIHEAP has helped weatherize and assist millions of low-income households since it was established in the 1980s.
- **Smart thermostats, intelligent buildings, and connected technologies** monitor and optimize energy use to reduce waste, automate efficiency improvements, and shift electricity demand to lower-cost, off-peak periods. Policy approaches that bolster these technologies can help support deployment of VPPs.
- **Energy appliance standards** reduce electricity and gas consumption, lower energy demand on the grid, and save money for consumers and businesses. Many states already have [appliance standards](#) that go beyond those set by the federal government, including Colorado, Massachusetts, and New York.
- **Building energy codes** ensure that new and renovated buildings are more energy efficient. This lowers consumption and saves money for building owners and the energy system.

Why businesses support it

Businesses have supported these kinds of programs for years at both the state and federal levels. American manufacturers are making the next generation of efficient and smart home appliances here at home, and companies across the economy understand that using energy more efficiently is a huge cost saver.



CASE STUDY Pragmatic energy reform in Illinois

Challenge

Illinois, like other states around the country, faces increasing demand on an aging grid. If all of the data centers and other large power-using projects proposed in Commonwealth Edison's territory were to come to fruition, the utility's peak load **could double by 2040**.

That means higher costs. Household electricity spending in Illinois jumped an average of \$210 between 2024 and 2025, a nearly 16% increase, according to a **congressional report**.

Solution

Policymakers, businesses, and advocacy organizations in Illinois took an all-of-the-above approach to energy affordability in 2025.

Together, they developed a bill, the Clean and Reliable Grid Affordability Act (CRGA), that supports energy efficiency, grid upgrades, and wider deployment of batteries and distributed energy resources.

Major companies that do business in the state, including Sealed, dsm-firmenich, Akamai Technologies, HASI, Leopardo Construction, Leopardo Energy, and Rivian, signed a **public letter of support** for the legislation as it moved through the legislature.

Results

With robust private sector advocacy, CRGA garnered broad support in the legislature, and Gov. JB Pritzker signed it into law in early 2026.

It requires utilities to consider advanced transmission technologies such as advanced power-flow controls and dynamic line rating and implement them where they are cost-effective.

The law also expands gas and electric energy efficiency programs and sets up a plan to procure more energy storage and develop comprehensive virtual power plant programs to leverage distributed energy resources across the state.

When demand spikes on hot summer days, consumers will increasingly be tapping VPPs pulling together power from across the grid, instead of costly peak-hour energy from more expensive generation sources like natural gas.

And the law sets the state up for the future with new processes that direct utilities to align infrastructure planning with projected energy needs and set clear timelines to fulfill requests to access the grid. That is particularly important for businesses, which need to tap reliable power to electrify vehicle fleets and buildings.

“Businesses have an opportunity to help lead the way in the clean energy transition. By supporting renewable energy infrastructure development, investing in on-site clean energy production and backing legislation that keep clean energy costs low, companies can use their resources to benefit people and planet alike.” — Alison Huyett, Senior Strategist For Impact, Patagonia



For more info, please contact

Kelly Trombley
Senior Director, State Policy
ktrombley@ceres.org

ceres.org/affordability

