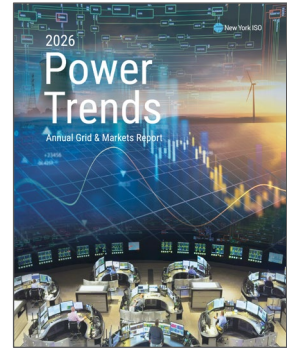


Power Trends 2026

STATE OF THE GRID & MARKETS REPORT

New York's electric system is in the midst of a historic transformation driven by simultaneous changes in supply, demand, and public policy.

How New York navigates this period of change will shape not only future grid reliability, but also the cost, certainty, and sustainability of electricity service for households and businesses statewide.



Trends shaping system conditions



Aging generation is a growing and measurable risk.

Improved analytical tools highlight rising outage risks among older fossil-fueled units that continue to provide essential reliability services, elevating aging infrastructure as a key planning consideration.



Winter conditions now drive key reliability stress cases.

Fuel constraints affecting gas-only generation, combined with rising winter demand, have shifted critical risk considerations from summer to winter, increasing reliance on demand response and emergency measures.



Potential demand from large loads is growing and less predictable. While electrification of the housing and building sectors continues to drive demand upward, potential demand from large loads – including data centers – is rising. This growth is difficult to forecast due to uncertainty with construction timelines, state and local permitting, and evolving state policies. It also increases the need for flexible, dispatchable generation capability.



System uncertainty is widening. Electrification trends, renewable output variability, extreme weather, fuel constraints, and large load development have expanded uncertainty ranges, reinforcing the importance of scenario-based, risk-aware planning frameworks.



Reliability is increasingly dependent on the completion of development projects. Reliability assessments indicate that transmission security concerns could arise as early as summer 2026.

An “all-of-the-above” strategy to resource investment is essential

As the 2025 State Energy Plan made clear, New York must continue to invest in a diverse set of resources with urgency.

There is no single resource that can deliver affordability, reliability, and emissions reductions on its own. An all-of-the-above strategy recognizes that each resource plays a distinct and complementary role.



Renewable energy lowers costs and reduces emissions.



Flexible, dispatchable resources maintain reliability and efficiency during the transition.



Advanced nuclear provides a long-term source of firm, zero-emission power.



Emerging technologies like battery storage offer new pathways to strengthen the system over time.

The Power of Wholesale Electricity Markets: System Reliability, Cost Efficiency, and Strong Investment Signals

Competitive wholesale electricity markets are the operational brains of New York's electric system, translating real-time and future system needs into operational decisions and price signals for investment. These markets serve multiple essential functions at once: they support reliability, reduce costs through competition, and enable the system to adapt to changing conditions **while protecting consumers from financial risks**.

Market prices reveal system conditions, needs

Higher wholesale prices are reflections of actual grid conditions and not market design flaws or inadequacies. Such pricing outcomes underscore the constrained nature of supply availability in New York. Key state policies that have impacted supply in recent years include:

- The retirement of Indian Point
- Accelerated retirement of fossil generation
- Permitting and policy barriers that limit investment interest in new or repowered dispatchable fossil resources.

Strengthening, enhancing markets

As the resource mix shifts and operational uncertainty grows, NYISO continues to strengthen market signals through targeted enhancements, including:

- Dynamic and risk-responsive reserve procurement
- Improved modeling and participation for storage and hybrid resources
- Enhanced scarcity pricing and congestion valuation
- Capacity market refinements that better reflect winter performance and reliability contribution

Markets cannot perform optimally if policy continues to override or preempt their signals.

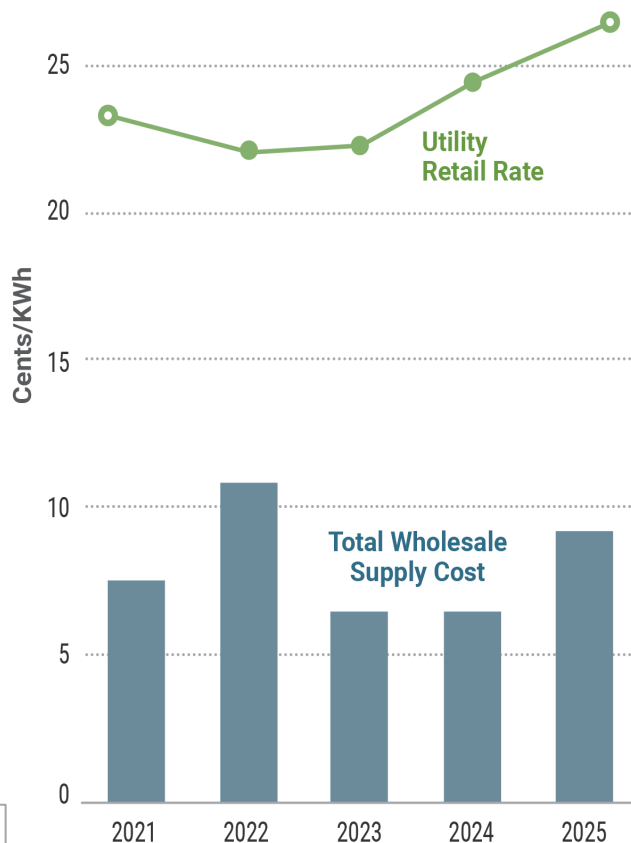
Securing reliability and affordability requires letting markets act on the conditions they are designed to reveal.

Understanding the distinction between wholesale supply costs and utility retail rates

Total wholesale supply costs are derived from the NYISO's energy, capacity, and ancillary services markets.

The retail rate charged to consumers by utilities delivering electricity includes the supply charge, as well as transmission and distribution costs, administrative and operation costs, taxes and fees, and profit margins.

The chart below reflects the changes in wholesale costs and utility retail rates over the last five years.



Source: Potomac Economics, NYISO 2025 State of Market Highlights



LEARN MORE

FOLLOW US

