



NEWSLETTER Published June 26, 2025 • 7 minute read

On the Grid: It's Getting Hot in Here

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Mary Sagatelova, Senior Advocacy Advisor

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Welcome back to *On the Grid*, Third Way's bi-weekly newsletter, where we'll recap how we're working to deploy every clean energy technology as quickly and affordably as possible. We're excited to have you join us!



TRANSMISSION

This week, a record-breaking heatwave slammed the eastern US, sending temperatures into the triple digits. As homes and businesses crank the AC to stay cool, electricity demand is soaring, and our electrical grid is struggling to keep up.

The Proof Is In The Prices: The US doesn't run on a single national grid—we rely on a patchwork of regional systems, Regional Transmission Organizations (RTOs), to balance electricity supply and demand in their own designated areas. But when demand spikes across an entire region, local supply can easily become overwhelmed, driving up prices.

We saw this play out in real time this week. Wholesale electricity prices in New York surged past \$1,500/MWh, more than 30 times the state's 2024 average. In New England, prices shot up to nearly \$1,200/MWh, roughly 24 times higher than usual. The Midwest saw prices jump over \$500/MWh. Prices in Texas and California, however, remained low, due in large part to the massive amount of wind, solar, and battery storage capacity both states have added in the last year. When demand surged, they could meet more of their load with cheap energy, avoiding the need to dispatch expensive gas and peaker plants, and keeping market prices low.

A quick TL;DR on electricity markets: the grid uses the cheapest power first, but uses the most expensive power to set the price. So the more cheap energy you have ready to go, the less you end up paying.



Renewables Help Keep Prices Down When Demand Spikes

ISO	PRICE (\$/MWh)
MISO	\$560.93
SPP	\$276.64
CAISO	\$13.88
PJM	\$372.42
ERCOT	\$22.28
NYISO	\$1,520.08
ISONE	\$1,168.38
IESO	\$976.12

Wholesale electricity prices, captured across regional grid operators at 5:45 PM EST on June 24, 2025. from GridStatus.io

Clearing the Bottlenecks: To meet growing demand, the US needs to overcome two major challenges. One, America needs more cheap, reliable, and clean energy. But the projects that would generate that electricity are stuck in the interconnection queue 95% of which are renewable projects), waiting years for permits, approvals, and infrastructure upgrades to get built. Second, the US needs to boost its ability to move that electricity where it's most needed. But building the transmission lines to do that, especially between states, is complicated and notoriously slow.

While policymakers and regulators work on both these fronts, we don't have to sit on our hands. From advanced grid technologies to new AI applications for grid modernization, we already have a set of tools that we can deploy to ease grid strain, improve reliability, and speed up processes like permitting and interconnection.

What We're Doing: We've long been raising the alarm about the limitations of our aging grid and laying out the policies we need to overcome them. That includes expanding transmission to handle growing energy demand, as well as identifying solutions we can put to work now while we build toward longer-term infrastructure goals.

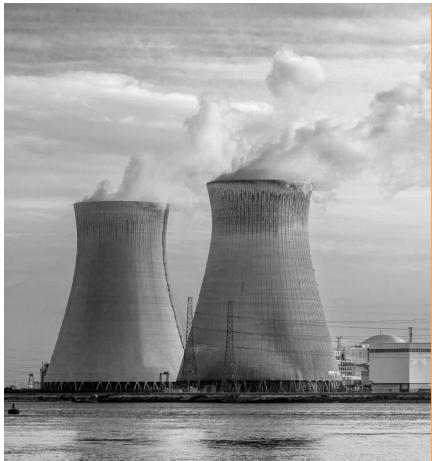
Recently, we partnered with the Federation of American Scientists to outline a set of actionable, day-one pragmatic policies to reduce delays, cut red tape, and improve overall grid performance. We contributed a memo building on a 2024 analysis from the Department of Energy, which identified several high-impact, deployment-ready applications of AI that can ease grid strain, improve reliability, and speed up processes like permitting and interconnection. Our memo expands on their analysis and maps the potential impact and feasibility of each AI use case.

AI Applications for Grid Modernization



Note: Each AI application was scored across six criteria—three measuring readiness (technical maturity, financial viability, and regulatory feasibility) and three measuring impact (value, leverage, and fit). Scores (0–5) were averaged to position each AI application on the chart. Quadrants signal deployment guidance: **top right:** deploy now; **top left:** invest and scale; **bottom right:** optional pilots; **bottom left:** monitor only.

Source: Author's Calculations.



NUCLEAR

This week, [New York Governor Kathy Hochul](#) directed the New York Power Authority and the Department of Public Service to pursue a 1 GW advanced nuclear facility in the state. The proposed facility would generate enough power for 1 million homes, create 1,600 construction jobs and 1,200 permanent positions, and provide New York with secure and reliable baseload power for decades..

Why This Matters: The project itself is notable. It signals that New York, which has already made significant strides in the clean energy transition, is looking beyond renewables like solar and offshore wind.

But the state also shows just how pro-nuclear policy—and frustration with the obstacles slowing it down—has entered the mainstream. Governor Hochul didn't just promote nuclear. She used this week's announcement to call out structures that slow or prohibit nuclear deployment implementation: *"There's a reason people don't embrace nuclear energy, a lot of reasons, one of them, it just takes too long. And the barriers are in Washington. The length of time, 10 years, a decade, of regulatory bureaucracy and red tape that must be gotten through. There's a reason it fails, and people don't even try."*

From Fringe to the Forefront: Third Way has spent over a decade pushing to [expand federal support](#), [onshore critical supply chains](#), and [streamline burdensome regulatory processes](#). For the majority of that time, nuclear has remained in the periphery. Important, but too technical for anyone outside of Washington, and burdened with unique political challenges. Today, that posture is shifting. Public support for nuclear is already at a [near-record high](#), and new projects are coming together daily. Awareness of and demand for nuclear is high, so much so that a sitting governor is offering wonky critiques of excess red tape and asking for federal intervention to cut through overly complicated nuclear regulations. It's also an important harbinger of shifting Democratic attitudes: less NIMBYism, more building, more energy, and more open criticism of government when it's not quite working as it should. It's a welcome change.



THE AMERICAN ENERGY AGENDA

Regular readers know energy demand is growing, driven by AI, industrial growth, and rapid electrification. Our current infrastructure can't keep up. If the US wants to meet growing demand and keep prices low for consumers, it needs to use every tool at its disposal. And right now, that includes natural gas

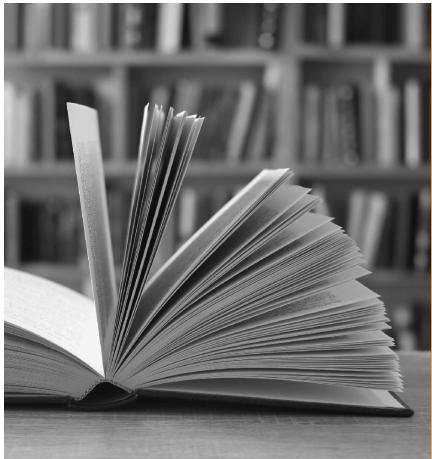
Why Natural Gas Still Matters: At home, natural gas powers over 40% of US electricity generation. Abroad, American liquified natural gas (LNG) is an essential lifeline for allies that are rapidly shifting away from Russian fossil fuels. Until the US builds out firm, baseload clean energy at scale, LNG will remain a core part of our energy mix, and Democrats can't pretend to think otherwise.

But acknowledging the gas's critical role in our economy does not mean ignoring its significant drawbacks. Methane leaks and flaring in the supply chain create waste, excess pollution, and raise carbon emissions. Even controlling for leaks and flaring, burning natural gas still incurs serious greenhouse gas emissions and produces environmental pollutants that endanger human health. These are serious problems that demand serious solutions—and, at present, neither the environmental Left nor Trump's Republican party brings substantive answers to the table.

A Better Plan for Gas: The US needs a strategy grounded in reality—one that recognizes how deeply natural gas is embedded in our economy and how critical it is to our global competitiveness. At the same time, we must manage its risks and move faster to build the clean technologies and infrastructure we'll need in the future.

Our latest memo lays out what that balanced approach should look like, outlining key principles to help build that strategy.

As Senator Elissa Slotkin (D-MI) put it this week in her "Economic War Plan", we don't need a "renewable plan or a fossil fuel plan. It's an all-of-the-above energy plan. Natural gas, since it's not feasible to meet growing demand without it. But also other forms: Nuclear. Batteries. Renewables like wind, solar, and hydropower. New stuff that's still in development—from fusion to biofuels. We need it all."



WHAT WE ARE READING & LISTENING TO

- [Molly Podolefsky](#), in *Utility Drive*, argues that investing in behind-the-meter flexibility—like virtual power plants and distributed energy resources—is a smart way for utilities to get around growing financial uncertainty in large-scale grid investments.
- [Jael Holzman](#), in *Heatmap*, shines a light on how a green energy project is driving a wedge through Wyoming's Republican leadership.
- [Lara Pierpoint and Stephen Lacey](#), on *The Green Blueprint* podcast, sit down with Rick Needham, Chief Commercial Officer at Commonwealth Fusion Systems about nuclear fusion and how the company is moving to commercialize their innovative technology.