

**NEWSLETTER** *Published September 11, 2026 · 10 minute read*

# On the Grid: Let the States Cook

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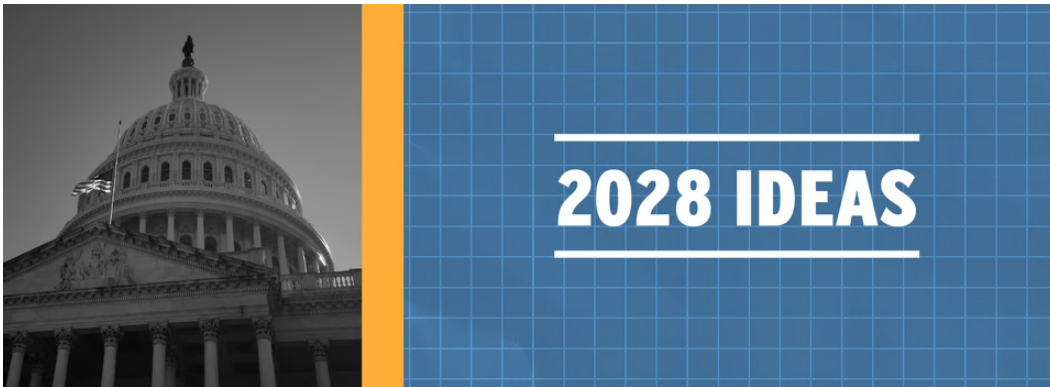


Hi Friend!

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!

P.S. Headed to New York for Climate Week? Join [Third Way and Inclusive Abundance](#) for a conversation on all things permitting reform. Hope to see you there!



The American economy is supposed to deliver on a basic bargain: if you work hard, you should be able to get ahead. In the energy sector, that means you should be able to keep the lights on without sacrificing other essentials, have reliable power when you need it, and afford the transportation that gets you to work.

For too many Americans, that bargain is broken. To help rebuild it, Third Way released [A New Economic Bargain for Working America](#)—our package of big, pragmatic ideas to lower costs and make it easier for working Americans to get ahead. You should read all [20 ideas](#), but we'll focus on a few that are specifically tackling Americans' energy costs.

1. **Energy Bill Cap:** For millions of Americans, keeping the lights on is getting more expensive. Our proposal would expand federal energy assistance beyond the lowest-income households to working families, capping their energy burden at 4% of their income and increasing federal assistance from \$4 billion to \$24 billion a year to help cover the difference.
2. **National Electricity Highways:** America needs a lot more power, but our aging grid is making it hard to move electricity from where it's produced to where it is needed. Our bargain calls for building 50,000 miles of new high-capacity transmission lines over the next decade by using low-cost financing to get projects moving, requiring the

industries driving new electricity demand to pay for the buildout, and compensating the communities that host new transmission lines.

3. **Red Tape Relief for Energy:** We can't meet growing energy demand if major projects take over a decade to build. Our proposal would cut through the permitting red tape by designating a single lead agency, speeding up reviews, and setting firm, predictable timelines for projects. In exchange for a faster process, developers would be required to deliver tangible benefits to the communities hosting these projects.

**What We're Doing:** Our goal here is twofold: we want to ensure the energy sector can deliver clean, affordable energy and that no American has to worry about affording the energy they need. That means lowering bills now, building enough infrastructure to keep them down over time, and making sure the companies driving enormous new demand pay their fair share. We're going to keep putting forward good ideas with that same goal in mind.

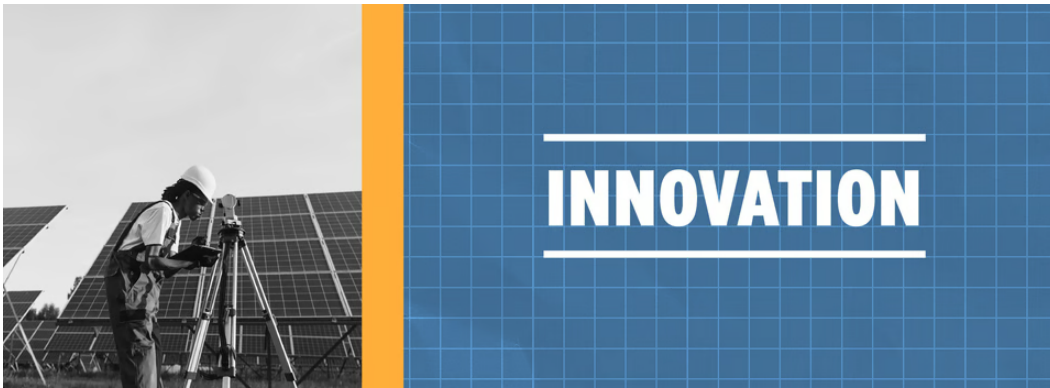


America's power sector is changing so fast that the policies built to manage it can't keep pace. As we've covered at length in past issues, after more than a decade of relatively flat demand, electricity use is growing again, driven in large part by data centers and other large new loads. At the same time, utilities are confronting aging infrastructure, supply chain constraints, and the need to build substantially more generation and grid capacity. These problems are felt most acutely at the state level. Governors are increasingly on the hook for managing the consequences—from rising rates to fights over who pays for new infrastructure. And from what we've seen, they're largely figuring it out on their own.

Last week, Third Way, alongside RMI and Clean Tomorrow, brought together top officials from nine Democratic governors' offices to dig into electricity rates, utility reform, permitting, and the growing demand for data centers. Here's a short recap of what we heard:

1. **There's a policy and political vacuum:** Governors' offices are dealing with many of the same problems, but there is remarkably little infrastructure for them to compare notes, develop similar approaches, or even grapple collectively with the politics of rising electricity costs.
2. **Utility reform is a top priority:** Governors' offices want more transparency and accountability from utilities, as well as reforms to how they set rates and their political spending. But taking on utilities state by state is difficult. There is broad agreement that meaningful reform will require states to work together and develop a coordinated approach.
3. **States need help navigating the politics and policy of data center development:** States want the jobs and investment that come with data center growth, but they also want to ensure households and businesses aren't stuck paying for the infrastructure needed to serve them. And right now, policy is largely being developed reactively rather than from an established playbook. States are seeking better models to ensure that large new loads pay their fair share, as well as greater coordination among themselves and with industry.
4. **There's room for smart, new federal policymaking:** While electricity regulation largely happens at the state level, officials identified several areas where federal legislation, regulation, and executive action could make their jobs easier.
5. **Governors need support with communications:** Rising electricity demand and costs are changing how voters and policymakers think about energy. Governors' offices want help explaining how their policies will address those pressures, both to people in their own states and to other governors, federal policymakers, national advocates, and the media.

**What We're Doing:** Electricity policy is central to some of the biggest economic challenges facing the country: the cost of living, the growing AI economy, and rising energy demand. Much of that work falls to states, and right now, too many are trying to solve the same problem on their own. We're taking what we heard from governors last week to help shape our federal policy work, share promising ideas across states, identify opportunities for multi-state coordination, and strengthen the case for affordable electricity.



The federal government has traditionally done much of the heavy lifting when it came to energy innovation, funding research, helping promising technologies cross the valley of death, and creating markets for technologies that are not yet ready to compete on their own. But as the federal role becomes less predictable, states have been increasingly looking at what they can do to keep promising technologies moving.

State governments, however, are constrained by tight budgets and a long list of competing priorities, including pressure to address rising energy prices and broader affordability concerns. They can't make expensive bets on early-stage technologies at the same scale as the federal government. They have to be strategic about where to allocate limited funding and political capital to have the greatest impact on energy innovation.

In our second convening last week, Third Way brought together a separate group of leaders from governors' offices, state-backed financing organizations, investors, and other experts to better understand where states can fill innovation gaps. Here are a few principles that stood out:

1. **Start with outcomes:** Rather than focusing on specific technologies, states can support innovation by starting with clear outcomes they want to see, such as more firm power or lower industrial emissions, and backing the emerging solutions and firms that can deliver them.
2. **Think beyond grants:** Supporting innovation doesn't always mean states have to write a check. For states that have the resources, tools like loans and revolving funds can make public dollars go further and help catalyze private capital. And states with fewer resources can help emerging firms by connecting them with universities, investors, agencies, and potential customers that will help them move to market.
3. **Clear regulatory hurdles:** Some of the biggest barriers to innovation aren't financial at all: zoning, building codes, utility regulation, and other state and local rules can determine whether a promising technology ever gets built.

4. **Show the payoff:** If states want to build bipartisan support for emerging technologies and make the case for continued innovation funding, they need to show what those investments are delivering, whether that's the jobs created, private dollars brought in, or returns on public funding.
5. **Work across statelines:** States don't have to figure this out in a silo. There are opportunities for states to work together on everything from utility rate design and procurement to supply chains and shared infrastructure, and, just as importantly, learn from what other states have already tried.

**What We're Doing:** States aren't going to replace the federal innovation ecosystem, nor are we suggesting that they should try. But they are much closer to the industries and communities where these emerging technologies *actually* get built. That puts states in a unique position to fill gaps that a national innovation strategy can miss. Our convening was a first step toward figuring out what that role should look like in practice. We are now developing a playbook of insights to give state policymakers a menu of financial tools, institutional models, and lessons they can adapt to their own political and economic realities, helping them become smarter, more effective partners in bringing the next generation of energy technologies to market.



Americans don't trust much these days. Confidence in government, media, and other major institutions is at a historic low, and voters have grown increasingly skeptical of experts telling them what is good for them. Clean energy advocates aren't immune to that broader collapse in trust. New polling from *Heatmap* and Embold Research shows just how much it complicates the case for renewables.

Advocates have long pointed to the falling cost of wind and solar as one of the strongest arguments for building more of them. But *Heatmap* and Embold Research's polling found that many voters simply don't believe that. 57% of voters say that clean energy advocates

are exaggerating how cheap wind and solar have become, and 55% say wind and solar are only cost-competitive because of government subsidies. Despite that, voters aren't blaming renewables for rising electricity costs, just 31% say renewables are responsible for higher costs, putting them well behind data centers.

**What This Means:** Americans' skepticism is putting a higher burden of proof on the affordability case for clean energy. When they asked who voters would trust for information about the cost of clean energy, independent scientists and researchers were the only messengers trusted by a majority of voters. The only thing that voters consistently wanted to see was receipts. Across the groups, evidence of how much families actually saved on their electricity bills ranked among the most convincing proof that renewables are affordable.

**What We've Seen:** This trust problem isn't new. We've been tracking it in our research for years, and the pattern has been remarkably consistent. Voters may like clean energy technologies, but they are far more skeptical of the institutions, politicians, and advocates making the case for them. Our [polling](#) found that local electricians and utility linemen were far more trusted clean energy messengers than elected officials. We're continuing to conduct opinion research, building out messaging and messenger recommendations, and engaging often with allies on this to deploy more effective communications. This is a problem, however, created over years of underdelivering and messages that missed the mark. We expect this to be an issue we need to chip away at for the next three years and beyond.



- [Jeva Lange](#), in *Heatmap*, explores why clean energy messaging isn't necessarily convincing Americans and where skepticism is emerging from.
- [Jane Flegal and Pavan Venkatakrishnan](#), in the *Wall Street Journal*, make the case for bipartisan permitting reform, arguing that a deal would speed up energy and

infrastructure projects, even if it gives Donald Trump a legislative victory.

- [Ed Crook](#), on the *Energy Gang* podcast, chats with Peter Keavey and Carmen Li about creating a futures market for GPU computing power.
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