
CLIMATE X CHANGE
2026
State Climate Policy
Trends and Opportunities
MARCH 17TH | 3:00PM ET

Introduction

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State Climate Policy
Network Manager

CLIMATE X CHANGE
[SCPN]

State Climate Policy Network

Network of **15,000+**

- ➔ State and local elected officials
- ➔ NGO advocates
- ➔ Researchers
- ➔ State agency staffers
- ➔ Organizers and activists
- ➔ Business leaders

... working on state climate policy

www.climate-xchange.org/network

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Pro Bono Policy Assistance

We specialize in state climate policy design and analysis.
Reach out to kristen@climate-xchange.org with your requests on:

- **Example states** and **model rules** for a given policy
- **Gap analysis** of your state's climate policy landscape
- **Connections** to other actors working on similar issues

CLIMATE X CHANGE [SCPN]

2026 State Climate Policy Trends and Opportunities

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Agenda

1. 2026 Trends: NCEL
2. 2026 Trends: Climate XChange
3. Q&A

CLIMATE XCHANGE [SCPN]

Speaker

Ava Gallo

Climate and Energy Program Manager

National Caucus of Environmental Legislators

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National Caucus of Environmental Legislators

2026 Policy Trends & Opportunities for States

National Caucus of Environmental Legislators

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Who Is NCEL?

Mission

Empower a nonpartisan network of legislative champions to protect, conserve, and improve the natural and human environment.

Membership

1,300+ legislators from all 50 states and both major parties.

- Created by and for state legislators.
- National and regional forums + experiential learning.

Programs

NCEL divides its work across four main program areas – **Climate & Energy, Conservation, Environmental Health, and Ocean** – with environmental justice intersections woven into each topic.

NCEL's Program Areas

Climate & Energy

Conservation

Environmental Health

Ocean

Environmental Justice

Climate and Energy

Main focuses include:

- **Power Sector Modernization and Renewable Energy Deployment**
- **Climate Finance & Insurance**
- **Transportation Electrification and Multimodal Mobility**

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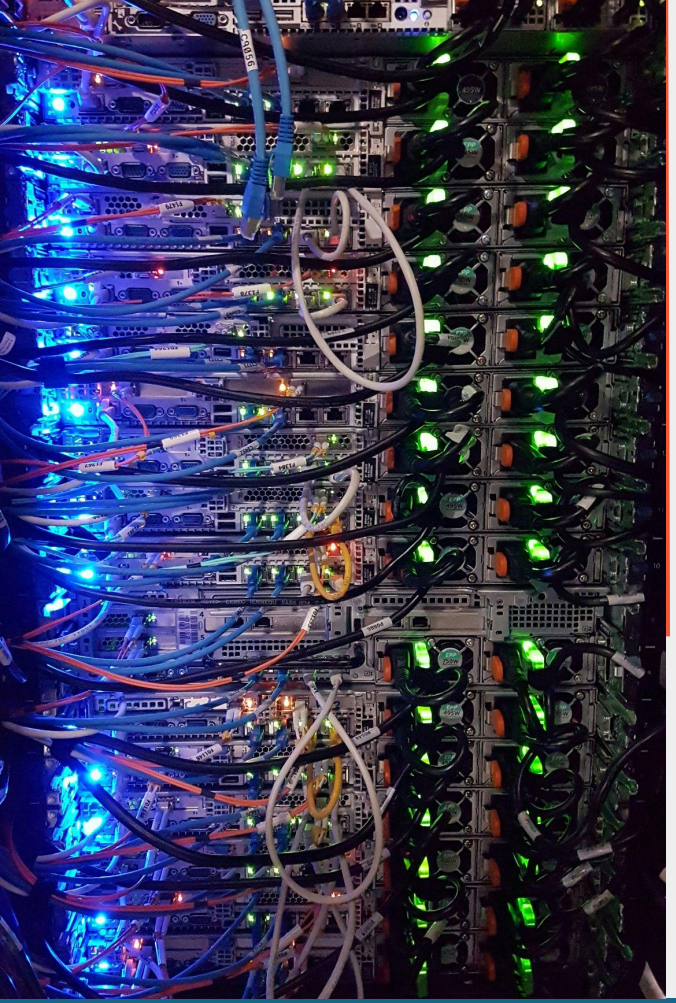
2026 Emerging Trends

Climate & Energy

- **Data Centers:** States are regulating how to limit data centers' impact on rising utility bills and environmental impacts.
  - **27 states** have introduced legislation
- **Expanding Access to Residential Solar:** With electricity bills climbing, states are increasingly prioritizing policies that make solar energy more accessible and affordable for households.
  - **34 states** have introduced legislation
- **Climate Accountability and Insurance:** States are looking for ways to hold polluters accountable and incorporate climate risk and transparency into insurance planning.
  - **14 states** have introduced legislation (Climate Accountability)
  - **11 states** have introduced legislation (Insurance)



Data Centers

Policy Trends

- Ratepayer Protections
- Transparency (Energy & Water Usage)
- Local Control
- Demand Flexibility / Flexible Loads
- Energy and Emissions Use Requirements

Emerging Policy Areas

- Community Benefit Agreements
- Heat Reuse
- Energy Efficiency and Other Special Use Funds

Data Center Policy Trends

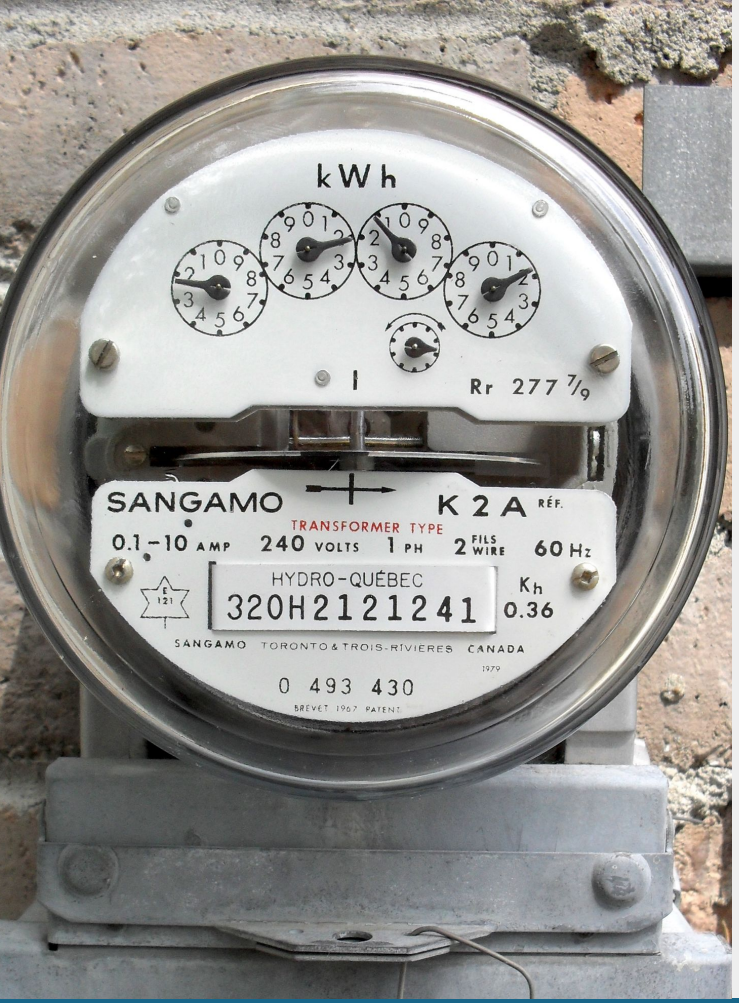
Transparency

- **Georgia** (HB 528), **New Jersey** (S 4143), **Oregon** (HB 3698), **Indiana** (SB 135), and **Illinois** (SB 2181)
  - Requires data centers to regularly report to state public utility commissions (PUCs) or other entities on their water and energy usage.
- **Delaware (SB 205)** - large loads need to apply to PUC for a Certificate to Operate

Local Control

Virginia SB 94 *(passed both chambers 2026)*

- Examine impact on noise, ground and surface water, agricultural resources, parks, historic sites and forestland



Data Centers

Ratepayer Protections

****Georgia SB 34 (reported favorably from Committee, 2026)**

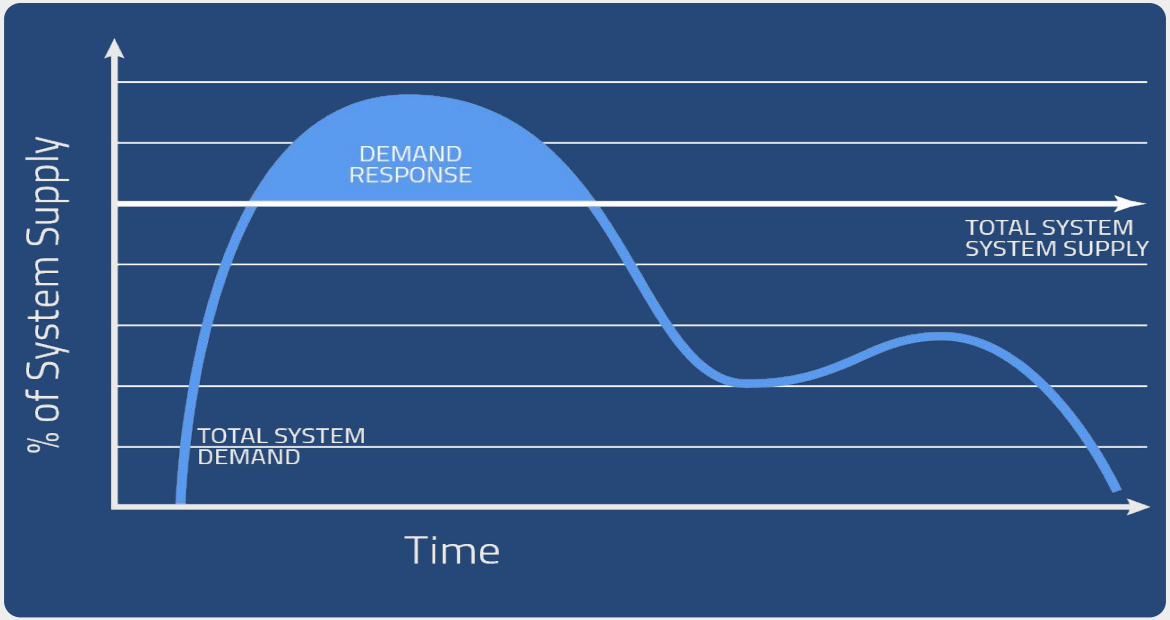
- Prohibits passing any grid or energy costs incurred solely for serving data centers onto ratepayers.

Florida SB 484 (sent to Governor 2026):

- Requires the Florida Public Service Commission to set tariffing rules for “large load customers” of power companies

Demand Flexibility - Explained

- Reducing energy consumption during periods of peak usage
- Often done through utility incentives to customers or through demand or time-of-use based pricing
- By “shaving the peak” reduces the amount of generation needed on the grid



Data Centers

Demand Flexibility

Virginia H.B. 284 *(passed 2026)*

- Requires Virginia electric utilities and cooperatives to develop and implement voluntary demand flexibility programs for high energy demand customers.

Data Centers

Energy Use

Washington **H.B. 2515** *(passed first, 2026)*

- Establishes comprehensive regulations for large energy-consuming data centers in Washington, requiring clean energy use.

Tennessee **H.B.2463** *(introduced 2026)*:

- Requires large data centers in Tennessee to source at least half of their electricity from new, onsite carbon-free energy and prohibits state incentives for fossil fuel use.

Data Centers

Heat Reuse

Virginia **H.B. 323** *(sent to Governor 2026)*

- Directs the State Department of Energy to develop a strategic plan for data center heat reuse.

Community Benefits Agreements

Maryland **S.B.0818** *(introduced 2026)*

- Establishes a community benefit fee of $100,000 per MW served. Funds are deposited into a community benefit account dedicated to low-income energy assistance and energy efficiency upgrades.

Cutting Red Tape for Residential Solar & Batteries

Emerging Policy Areas

- Plug-in Solar
- Instant Permitting and Inspections
- Net Metering and Rebates
- Statewide Solar Permit Standards
- Consumer-Protection Rules

Cutting Red Tape

Instant Permitting and Inspections:

- **Virginia H.B. 590 (passed both chambers 2026):** Creates the Smart Solar Permitting Platform to serve as a tool to (i) obtain permits for construction of residential solar and (ii) localities to process applications for permits
- **New Hampshire HB 1271 (introduced 2026):** Allows virtual inspections and permitting from licensed third parties for residential solar systems.

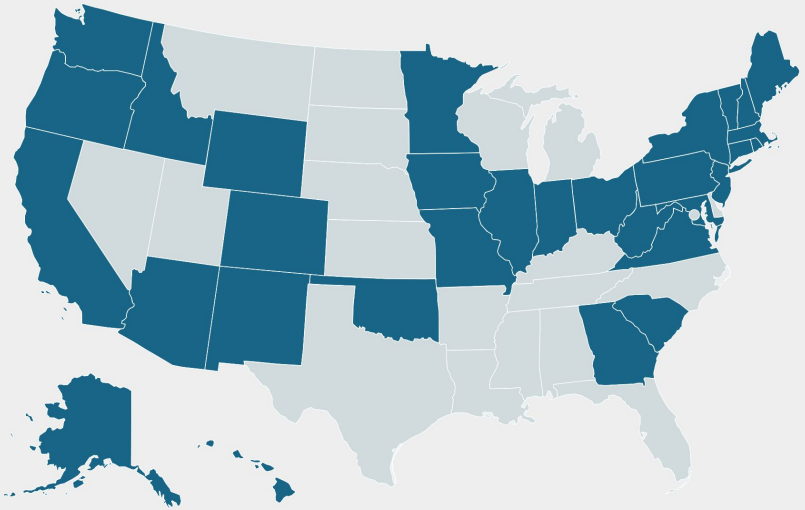
Net Metering and Rebates

- **New Hampshire HB 221 (passed both chambers 2026):** Expands net metering and community solar capacity; extends timelines for long-term power purchase agreements.

Plug In Solar

- **Virginia SB 250 (sent to Governor 2026)**

Streamlines installation and operation of plug-in solar systems by exempting them from complex utility regulations, protecting tenant rights, and establishing clear safety and consumer protection standards.



At least **31 states** are considering plug-in solar legislation in 2026.

Insurance and Climate Risk

A Growing Insurance Crisis

- Insurance affordability is worsening as climate risks increase.
- Insurers are raising premiums, canceling policies, or exiting high-risk states.

How Policy Can Stabilize Insurance Markets

- Increase transparency in insurer disaster risk models.
- Provide examples of actions households can take to mitigate the risk to their property, reducing their insurance premiums.

Insurance and Climate Risk

- ****Washington S.B. 5928 (passed one chamber 2026):** requires insurers in Washington to disclose wildfire risk scores and related information to policyholders, incorporate mitigation actions into risk models and pricing, and submit detailed model information.
- **Introduced by:** Oregon, Hawaii, New Mexico, New York, Idaho, and Georgia

Superfunds

Who pays for climate damages?

- With climate disasters mounting and federal funding fading - recovery lies on the shoulders of the average household

Making polluters pay

- 11 states are considering superfund legislation in the 2026 legislative session

Virtual Power Plants and Microgrids

Virtual Power Plants

- A collection of small-scale energy sources that, combined, can provide energy to the grid similarly to traditional power plants & help with affordability.
- Generate their own energy, often through solar panels, electric vehicle chargers, and smart water heaters.

Microgrids

- Localized grids that can disconnect from the traditional grid to operate independently.
- Built to run independently, with the ability to generate, store, and distribute energy separate from or in addition to a conventional power grid.

Virtual Power Plants and Microgrids

Virtual Power Plants

- **New York A10354 (introduced 2026):** Requires the creation of a statewide Virtual Power Plant pilot program.
- **Pennsylvania H.B.2264 (introduced 2026):** Requires Pennsylvania's major electric utilities to establish Virtual Power Plant programs that aggregate distributed energy resources for grid services
- **Virginia H.B. 562 (to Governor 2026):** Allows electric cooperatives to independently establish Virtual Power Plant programs using distributed, non-carbon-emitting energy resources.

Virtual Power Plants and Microgrids

Microgrids

- **Colorado HB26-1051 (passed first chamber 2026):** Provides grants to cooperative electric associations and municipally owned utilities to support the purchase and implementation of microgrid resources in eligible rural communities.
- **New Mexico S.B.235 (passed first chamber 2026):** Establishes a regulatory framework for microgrids in New Mexico, focusing on increasing the use of renewable and zero-carbon energy sources.

Indirect Source Rules

What is the Indirect Source Rule?

- **Closes a regulatory gap:** Targets facilities that attract pollution sources to their sites, even if they don't emit pollutants directly.
- **Requires emissions reductions:** Facilities must mitigate emissions generated by activities associated with their operations.
- **Flexible compliance options:** Electrify trucks and vessels, invest in EV charging, add on-site solar generation, and more.
- No states have enacted an indirect source rule yet. Legislation introduced in 2026: **California**, **New Jersey**, **New York**, and **Illinois.**

Utility Scale Siting and Permitting

Emerging Policy Areas

- Faster Permitting Timelines
- Community Benefit & Host Agreements
- Permit Procurement Targets

Utility Scale Siting and Permitting

Oregon H.B.4031 (enacted 2026)

- Introduce new exemptions and clarifies requirements for the siting and construction of renewable energy facilities in Oregon

Iowa H.S.B.692 (passed committee 2026):

- Establishes statewide standards for the siting and operation of renewable electric power generation facilities in Iowa, including wind, solar, and battery energy storage systems.

Battery Storage

Supporting a Reliable Energy Future

- Energy storage helps capture and store energy for later use. This helps balance fluctuations in electricity demand and ensures a consistent supply of renewable energy.

IL S.B.025 Clean and Reliable Grid Affordability Act (passed end of 2025)

- **Expands Battery Storage:** Adds 3 gigawatts (GW) of battery storage capacity in the coming years.
- **Stabilize Electricity Prices:** Additional storage helps reduce electricity price volatility.

Battery Storage

Emerging Policy Areas

- Large storage procurement mandates
- Storage integrated into utility planning
- Distributed battery incentives and rebate programs
- Battery participation in VPP programs

Legislation

- **Virginia H.B. 891 (sent to Governor 2026):** streamlines the approval process for battery energy storage projects as accessory uses to approved solar facilities
- **Virginia H.B. 893 (sent to Governor 2026):** updates IRP requirements by mandating comprehensive assessment and integration of energy storage resources

Takeaways

- Emphasizing affordability is critical.
- Consumers are demanding protection and transparency from utilities and insurance companies alike.
- States are thinking through where new revenue can come from and where soft costs can be cut.

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Thank You!

Learn more at ncelenviro.org

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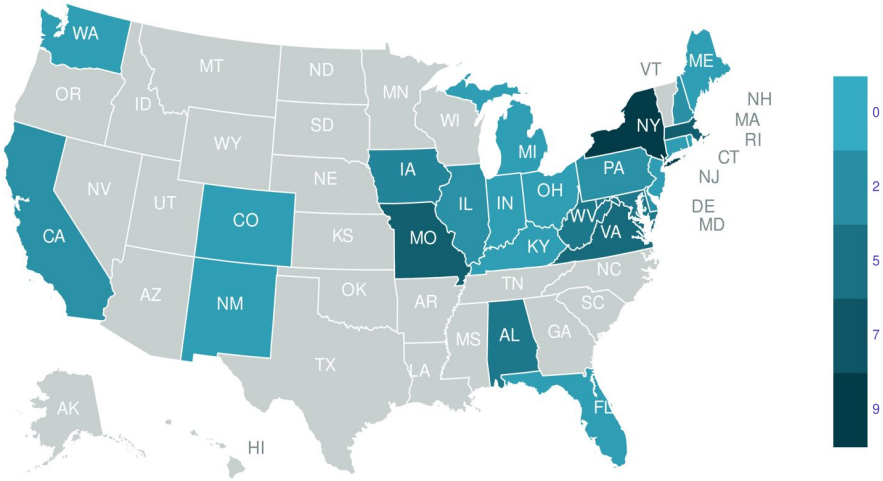
Utility Ratemaking Reform

63 bills proposed in 25 states

States are addressing affordability with a variety of strategies

- **Performance-based ratemaking**: Indiana, New York, Virginia, West Virginia
- **Limiting utility profits + executive pay**: Alabama, Maryland, Minnesota
- **Prohibiting utilities from using customer rates for political activities**: Alabama, Delaware, Illinois, Massachusetts, Missouri, Pennsylvania
- **Restructuring PUC/PSCs**: Alabama, Maryland
- **Increased Price Transparency**: Connecticut, Maine, Massachusetts, Ohio, New York, Missouri, Virginia
- **Capping Bills for Low-Income Customers**: Colorado, Delaware Washington
    - *Colorado SB26-002 requires IOUs to set up programs where lower-income customers can receive minimum level of electricity at a marginal cost.*

Utility Ratemaking Reform Bills Under Consideration



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Agrivoltaics

30 bills proposed in 11 states

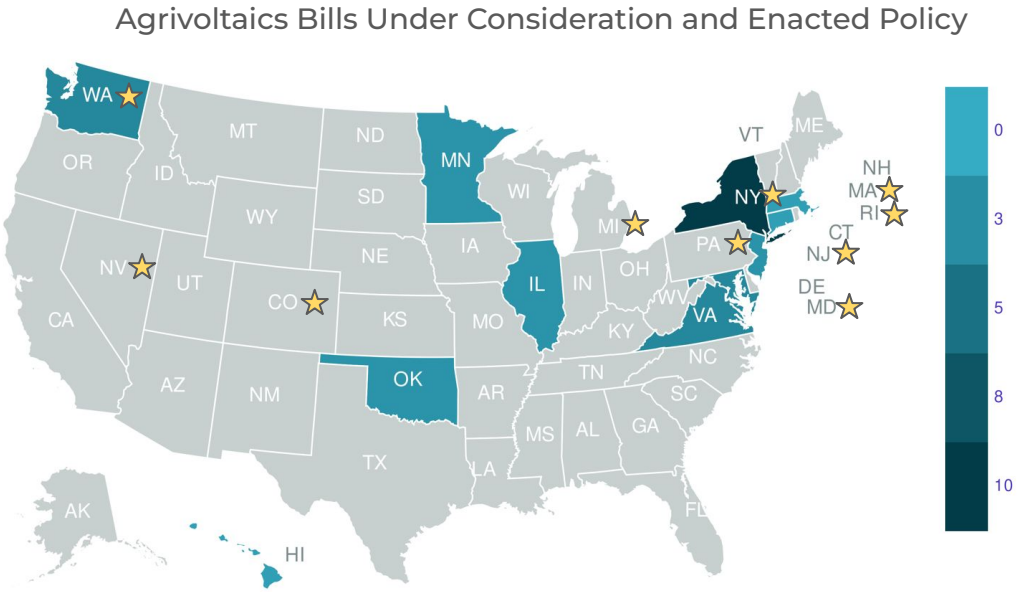
☆10 states have enacted policy

Enabling, defining agrivoltaics, creating panels to develop recommendations for support, and establishing pilot programs

- Hawai'i, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oklahoma, Virginia, and Washington

Dual-use community solar and agrivoltaics sites

- Connecticut, Maryland, New Jersey



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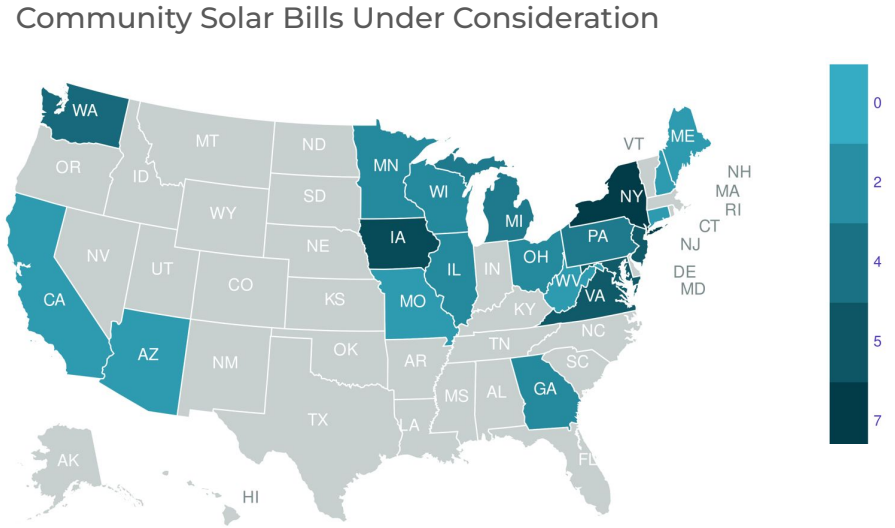
Community solar

55 bills proposed in 20 states

- **Pilot Programs**: Missouri, Ohio
- **Establishing Programs/Developing Frameworks**: Arizona, Connecticut, Georgia, Iowa, Ohio, Michigan, Pennsylvania, Wisconsin, West Virginia
- **Expanding access**: (expediting programming, streamlining permitting, expanding size eligibility, funding and outreach for low-income communities): Arizona, California, Connecticut, Maryland, Michigan, New Hampshire, New Jersey, New York, Virginia, Washington
    - *AZ HB 2702 redirects data center tax revenues to fund a statewide program supporting distributed generation deployment for low income communities.*

These bills build on the foundation that 45 states have established so far



Low Carbon Fuel Standards

22 total bills proposed in 11 states

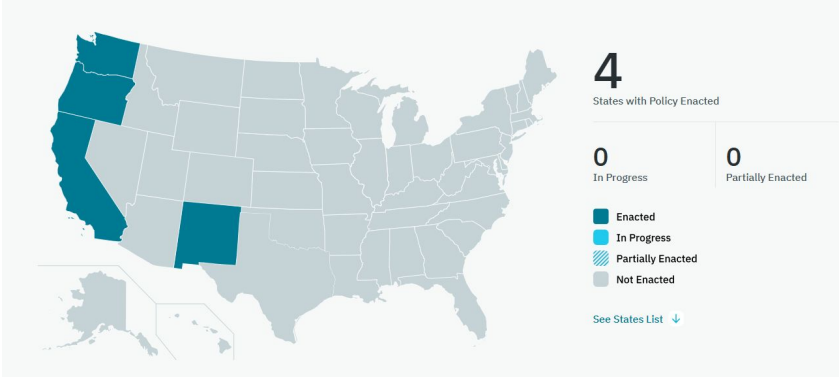
⟹4 bills in 3 states repealing and rolling back programs

- California (roll back compliance), Oregon (cap program), and New Mexico (repeal program)

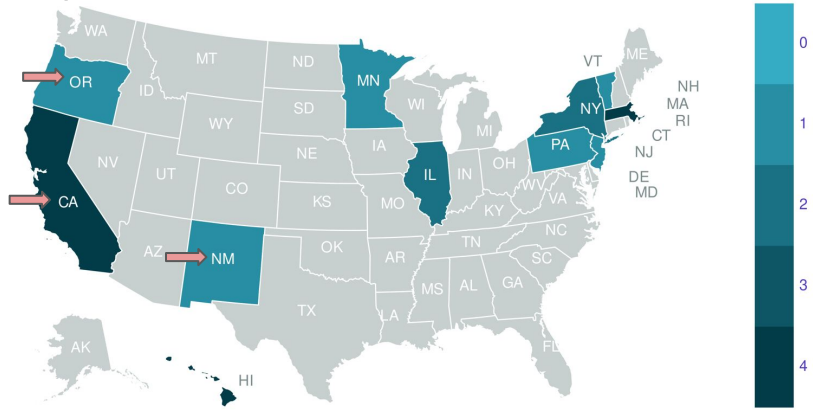
8 states establishing new program

- Hawai‘i, Illinois, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania, Vermont

States with Enacted LCFS



Proposed LCFS Bills



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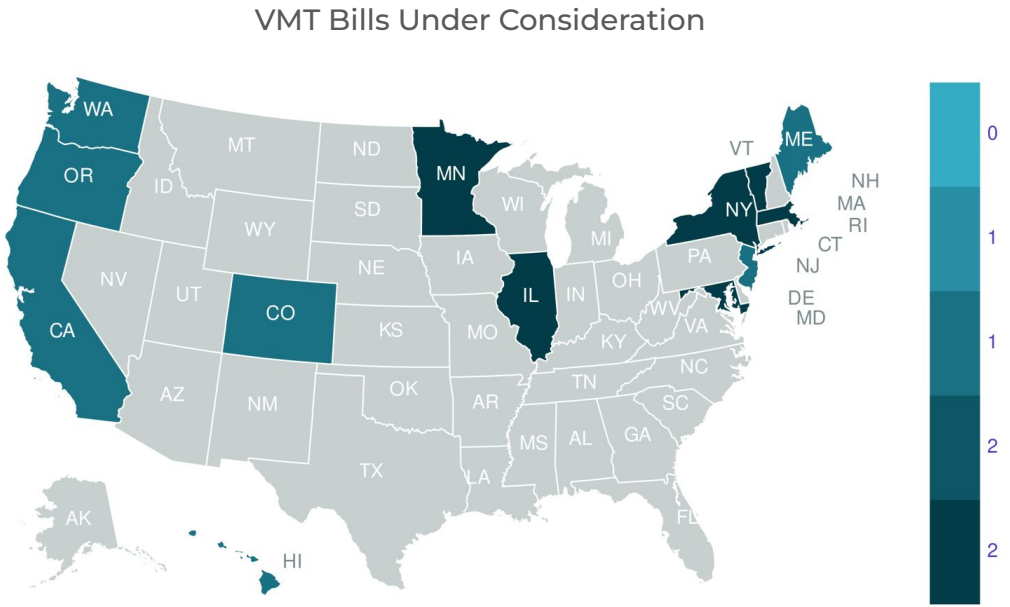
Reducing Vehicle Miles Traveled

19 bills proposed in 13 states

Reducing reliance on combustion engine vehicles as a means to reduce GHG emissions and meet state climate targets

Establish working groups and committees, researching VMT reduction strategies, requiring local and regional plans, setting VMT reduction targets

- *NY A.4230: convene a working group to explore strategies for reduce vehicle miles traveled in New York by 20% by 2050 to help meet climate targets*



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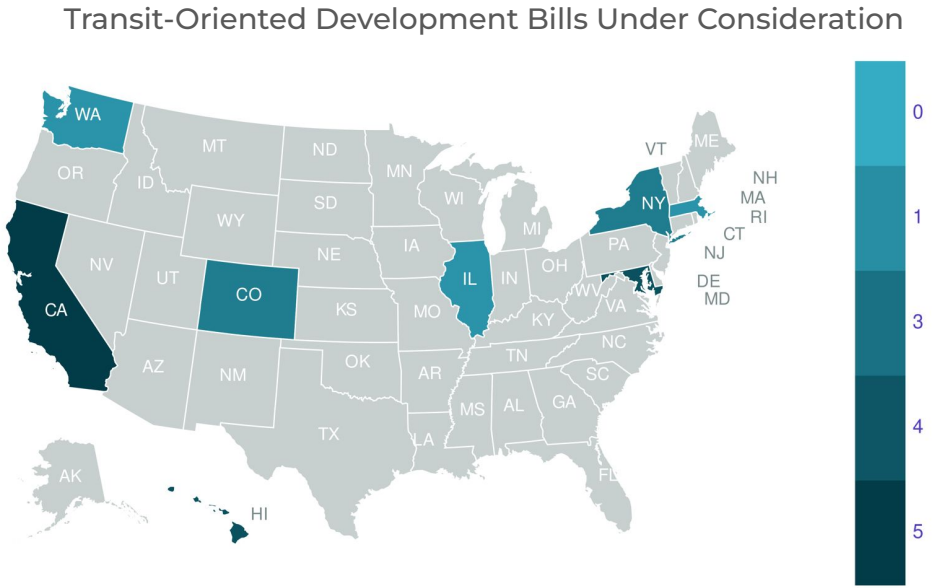
Transit-Oriented Development

20 bills proposed in 8 states

Streamlining permitting and approvals near transit centers, establishing financing mechanisms

- CA SB 79 (enacted in Oct): streamlining approvals for high density housing development near transit stops
- CO HB 26-1065: Creates transit investment areas, which can obtain funding for transit oriented development through Transit and Housing Investment Zones Tax Credits, targeted toward low and middle income housing projects



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Thermal Energy Networks

22 bills proposed in 10 states

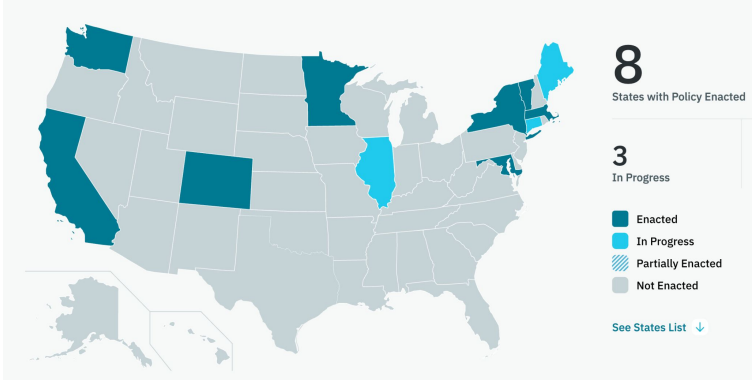
Exploring feasibility of TENs through studies and pilots

- Illinois, Rhode Island, New Jersey
    - RI HB 7879: Requires utilities to identify 2-12 potential TEN sites and to complete two feasibility studies, one of which must be within or benefit an EJ area; forms a TENs task force to advise on the feasibility studies; and upon completion of feasibility studies, utilities can submit proposals for TENs pilots for PUC approval

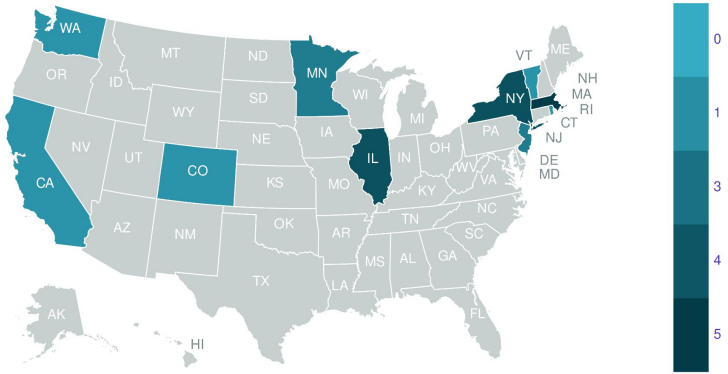
Expanding existing TENs policies

- Expanding eligibility or authorizations: California, Massachusetts, Minnesota, Colorado, Vermont
    - MN SF 4281: Updates existing state statutes to recognize TENs as a utility service and establishing a pathway for regulated utilities to plan, build, and operate TENs where they deliver the greatest benefit
    - CA AB 2088: Authorizes neighborhood-scale thermal energy networks and allows utilities to meet their obligation to serve with TENs
- Allocating or extending funding: New York, Colorado

States with TENs policy enacted



States with TENs bills under consideration



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Building Performance Standards

16 bills proposed in 6 states, 1 regulatory proposal in Hawai‘i

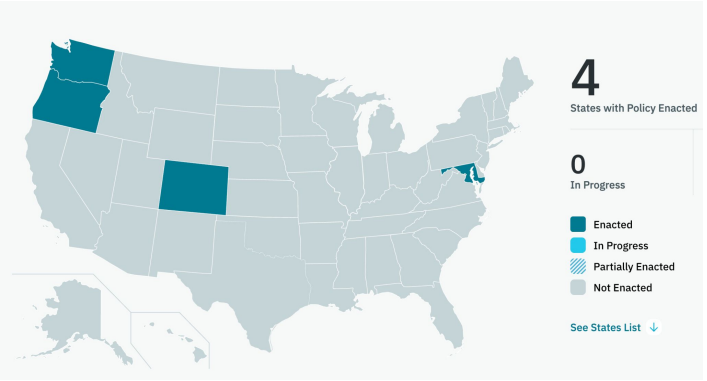
Establishing new BPS programs (15 bills in 5 states)

- Hawai‘i (through regulations), Massachusetts, Minnesota, New York, Rhode Island
  - MN HF 3179/SF 3429: Covered buildings must reduce GHG emissions 90% from a 2005 baseline by 2045

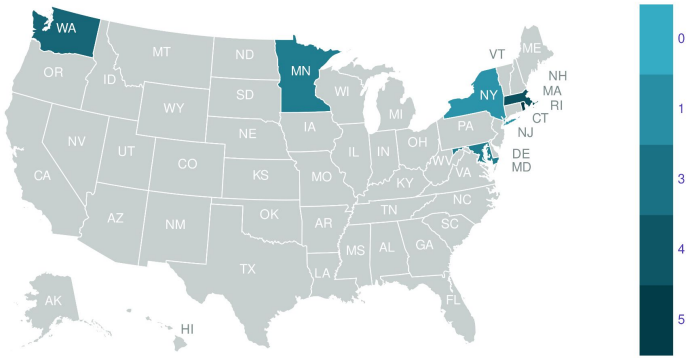
Tweaking existing BPS programs (6 bills in 2 states)

- Maryland: Exemptions to state BPS
- Washington (enacted in 2025): Establishing alternative compliance pathways

States with BPS policy enacted



States with BPS bills under consideration



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Clean Heat Standards

11 bills proposed in 4 states

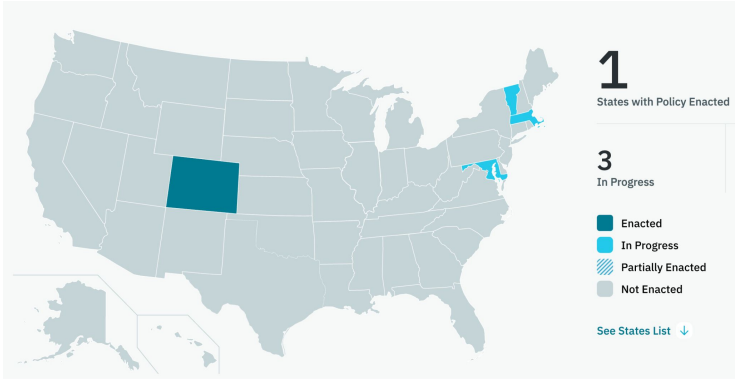
Establishing a Clean Heat Standard

- Illinois, Massachusetts, Rhode Island, Vermont
  - VT H.216: Adopts a CHS and sets a price cap on CHS credits to prevent heating fuel costs from increasing more than $0.10/gallon in first 5 years of program
  - IL SB 2269/HB 3525: Heat decarbonization standard with annual targets 2030-2050, including 20% below 2020 levels by 2030, 60% by 2040 and 100% by 2050

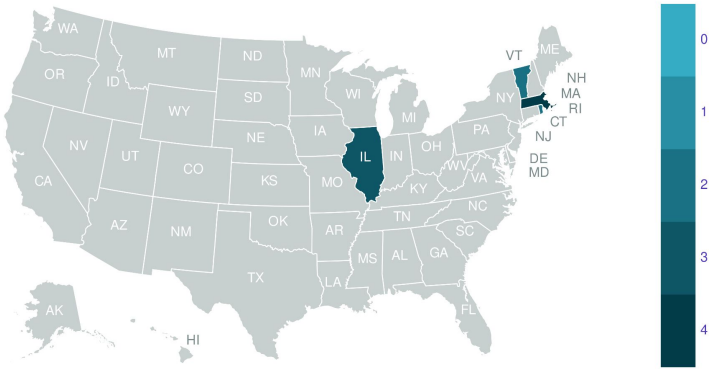
Studying feasibility or implementation of a CHS

- Vermont H.226: Hires a consultant to study and design a cost-effective CHS

States with CHS policy enacted



States with CHS bills under consideration



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Advanced Transmission Technologies (ATTs) and Grid-Enhancing Technologies (GETs)

79 bills proposed in 26 states

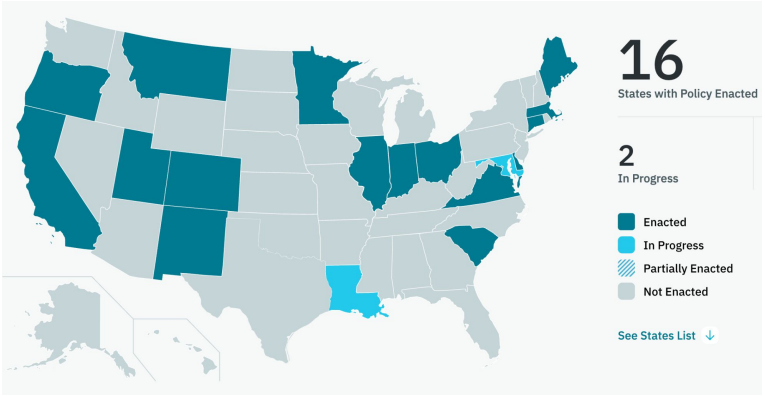
Studying feasibility of ATTs and GETs

- Iowa HF 2283: IOUs and transmission companies must complete ATTs/GETs feasibility study every 3 years

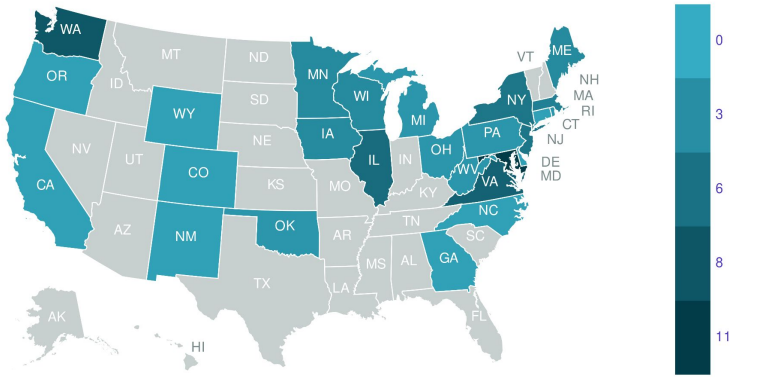
Requiring use or consideration of ATTs and GETs

- Oklahoma HB 3183: AKA the “GET Over Congestion Act”, requires IOUs, within their IRPs, to identify 10 most congested locations, evaluate the feasibility and costs of installing ATTs/GETs at these points, and develop implementation plans to do so
- Maryland SB 201/HB 40: Applications for a Certificate of Public Convenience and Necessity (CPCN) for transmission projects must include an analysis on the efficiency and cost-effectiveness of ATTs

States with ATTs/GETs policy enacted



States with ATTs/GETs bills under consideration



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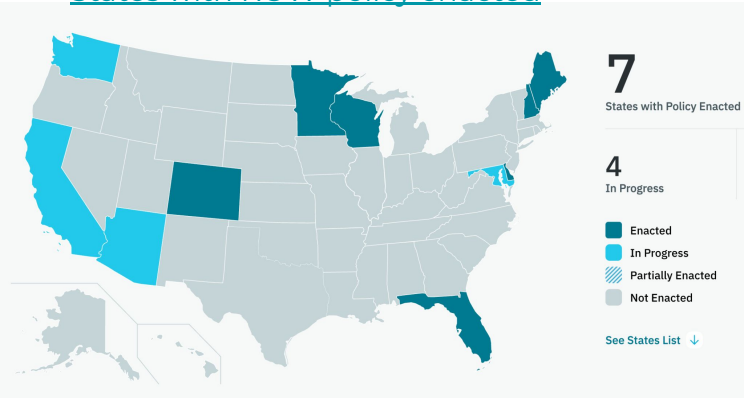
Transmission in Rights-of-Way (ROWs)

20 bills proposed in 8 states

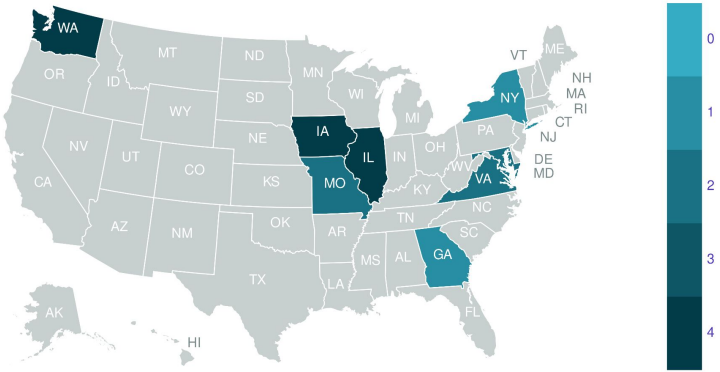
Encouraging or requiring siting of new transmission lines in existing ROWs, such as along highways or utility corridors

- Georgia, Illinois, Iowa, Maryland, Missouri, New York, Virginia, Washington
  - Virginia SB 497/HB 889 (sent to Gov): Prioritizes siting of new electric transmission in existing highway and utility corridors over new corridors

States with ROW policy enacted



States with ROW bills under consideration



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Other Trends

* = current Dashboard policy
** = upcoming Dashboard policy!

Building Decarbonization and the Gas Transition

- Requiring electric-ready or all-electric new construction*
- Heat pump deployment and incentives**
- Ending gas pipeline subsidies** and repair requirements

Electricity

- Renewable energy development on disturbed lands, such as brownfields, parking lots, mines, and landfills**

Industry

- Methane regulations for oil and gas operations and/or landfills*

Cross-Cutting

- Aligning planning processes with climate and clean energy goals: utility planning, “future of gas” proceedings, transportation system planning
- Prioritizing GHG reductions in EJ communities and considering cumulative impacts*

Q&A

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Thank you for joining!

Reach out to kristen@climate-xchange.org with any additional questions!

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