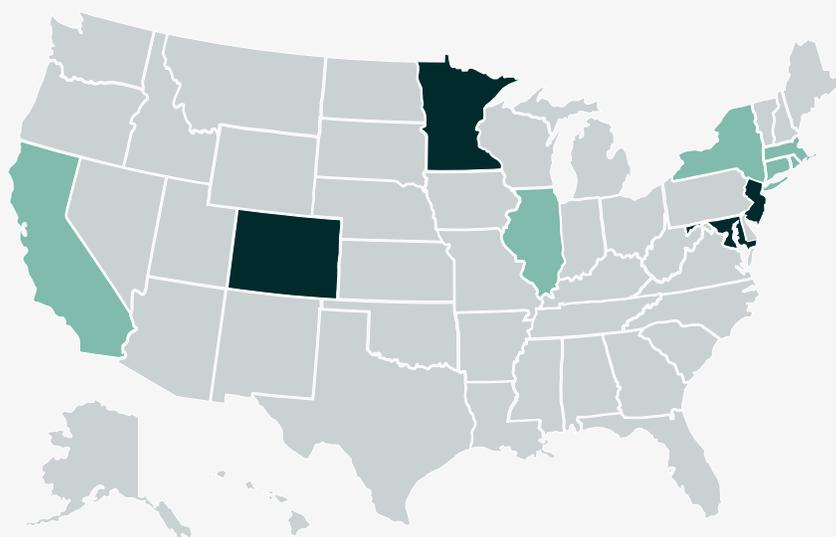


# 1Q 2026 U.S. Market Update

February 2026



## U.S. On-Site Battery Opportunities

- Active or expanding battery programs  
CA, IL, NY, CT, RI, MA
- New battery programs to launch in 2026  
NJ, MD, MN, CO

## U.S. Utility Rates Outlook

Multiple market signals indicate U.S. utility rate increases to continue

Utilities and grid operators across the U.S. are investing in new infrastructure and generation to meet [projected AI load growth](#). Latest [forecasts](#) expect data centers to account for 14-20% of all U.S. electricity needs by 2030.

- Analysts estimate that **utility transmission and distribution CapEx plans**, if approved, could amount to an extra [\\$1.2 trillion](#) from 2025-2029. [AES in Ohio](#) and [PPL in Pennsylvania](#) have recently requested a 33-50% increase in revenues.
- In December 2025, PJM's **capacity auction** cleared again at the ceiling price of \$333/MW-day. A January 2026 [industry report](#) sponsored by utility regulators warned that PJM and MISO can face power supply shortfalls of 8-12 GW by 2030.
- **Wholesale power prices** recently exceeded \$4,000/MWh in multiple states during Winter Storm Fern as heating demand surged. Gas prices at key hubs hit \$100/MMBtu due to pipeline constraints, compared with a typical \$3-4/MMBtu.

### Executive Summary

Utility CapEx plans and risks of supply shortages are pushing up grid-related charges for commercial and industrial (C&I) customers. Recent policy changes and market shifts covered in this report make battery storage an increasingly viable solution to manage rising energy costs.

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## Illinois

CRGA bill establishes a lucrative market for battery storage in Illinois

Illinois passed the [Clean and Reliable Grid Affordability Act \(CRGA\)](#) on January 8, 2026, and set a **battery storage target of 3,000 MW by 2030**.

### New Incentives:

- New CRGA rebates for standalone storage (\$250-300/kWh) can cover ~50% of the CapEx, on top of the 30-40% in federal investment tax credits.

### Utility Bill Updates:

- **Ameren** network and transmission costs have risen **nearly 20% a year** from 2020-2025 for large power users and show no signs of easing.
- **ComEd's** newly proposed [\\$15 billion in infrastructure spending](#) over just four years will likely trigger higher grid charges on C&I utility bills in the coming years.
- **PJM's** December 2025 capacity auction cleared again at the \$333/MW-day ceiling, extending high capacity charges for customers through at least 2028.

### Key takeaways

CRGA transforms Illinois into a top-tier battery market by funding half of project costs. Paired with steep grid charge growth, developers are offering C&I customers high bill savings without any upfront CapEx.

## New Jersey

Governor prioritizes battery deployment in the state

New Jersey's governor signed an Executive Order on her first day in office to expedite the state's battery storage procurement plans. These programs were designed to achieve New Jersey's [2,000 MW by 2030 storage mandate](#).

### Battery Storage Solicitations:

- The much-anticipated RFP for **500-800 MW of distribution-scale batteries** (<0.5 acre per project) and **350-750 MW of transmission-scale batteries** (>2 acres per project) are now expected in the coming months.
- Most of the RFP capacity will target grid-connected battery systems, with some projects also qualifying as behind-the-meter (BTM) in the distribution-scale program.

### Key takeaways

Developers are competing aggressively for ideal sites to respond to the upcoming battery RFPs in NJ. They will pay property owners premium lease rates to secure site control for both distribution and utility-scale battery development.

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## Maryland

Utility battery procurement plans accelerate after winter storm causes grid stress

Winter Storm Fern drove wholesale prices in Maryland to \$4,100/MWh, exposing grid reliability risks and the urgency to make progress towards the state's [3,000 MW storage target](#).

### Battery Storage Solicitations:

- The Governor [announced plans](#) on January 27, 2026, to accelerate solar and storage deployment, expediting state plans to contract with **800 MW of batteries** by October 2026.
- This first solicitation is expected to yield high long-term payments that will be tied to PJM's soaring capacity prices.
- Meanwhile, utilities must soon launch a much-anticipated plan to buy **150 MW of distributed batteries** located on C&I sites this year.

### Key takeaways

Developers are actively positioning for Maryland's 2026 battery RFPs, paying favorable lease terms for property owners with strategic sites suitable for battery development.

## New York

Interconnection reforms to boost distributed battery deployment and revenues

New York relied on power plants fueled by expensive oil to supply 40% of generation during the recent winter storm. Wholesale power spiked to \$4,000/MWh, underscoring the urgency to reach the storage target of **6,000 MW by 2030**.

### Regulatory Updates:

- NY regulators [already directed](#) ConEd to prioritize distributed energy storage for grid reliability. Projects **in or near Zone J (NYC)** could receive expedited interconnection and get compensated for local resiliency services.
- In upstate New York, National Grid's decision to replace costly upgrades at about 150 substations with [smart grid technologies](#) will also unlock previously unviable locations into attractive sites for distributed batteries.

### Key takeaways

Strong battery revenue in NYC-area is driving above-market lease offers for sites under 0.5 acres. National Grid's smart grid reform is now creating similar developer competition for upstate properties near strategic substations.

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## Massachusetts

### New permitting law to overhaul key battery development bottlenecks

Massachusetts created multiple incentives to meet its **5,000 MW by 2030 storage goal**. These include \$200/kW Connected Solutions performance payments, Clean Peak credits (valued at \$65/MWh), and fixed SMART solar-paired incentive adders.

#### Regulatory Updates:

- A critical shift for the state's battery market will occur in March, when a **new clean energy project siting law** takes effect that mandates 12-month permit decisions and allow projects to bypass local appeals, eliminating multi-year delays.
- Streamlined permitting will accelerate the deployment of the **1,000 MW** of grid-connected batteries that the state plans to procure in July 2026.

#### Key takeaways

Battery development prospects have improved dramatically under the new siting law in Massachusetts. Coupled with a stack of incentives, grid-tied and BTM battery projects are set to thrive.

## Other states to watch

- **Connecticut** has a 650 MW storage target by 2027 and 1,000 MW by 2030. [C&I battery projects](#) can secure rebates of **\$91-\$182/kWh** before April 1, while locking in \$225/kW performance payments over 10 years.
- Xcel Energy in **Minnesota** launched the [first 200 MW tranche](#) of **600 MW** in planned distributed battery procurements. Locations near grid-constraint areas can unlock premium lease revenues through this program.
- In **Colorado**, regulators just [approved a new 125 MW program](#) with \$238/kW battery performance payments that will transform BTM battery economics in the state.
- **Michigan** legislators [introduced bills in December 2025](#) that would enable BTM batteries to earn grid performance payments. With the state's ambitious **3,000 MW by 2030** target signaling strong policy support for storage, these bills could unlock substantial BTM market opportunities beyond the planned utility-owned procurements.

## Contact us to learn more



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