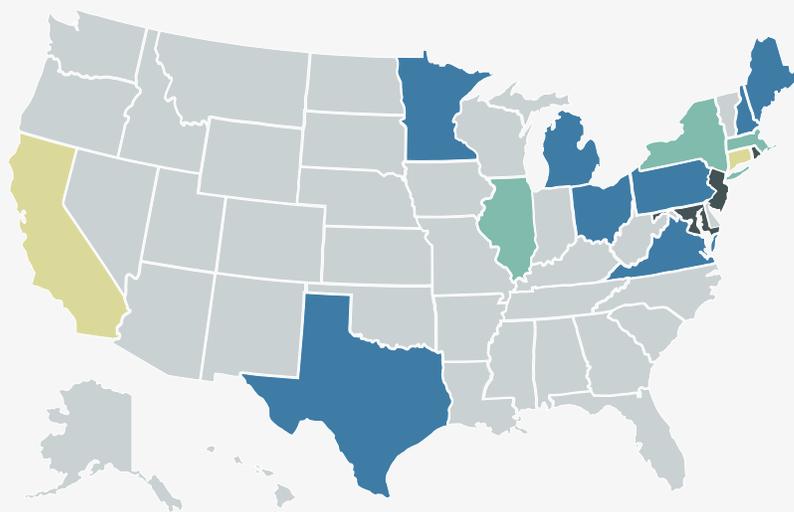


Market Update

October 2025



U.S. On-Site Battery Opportunities

- Active or expanding incentive programs
MA, NY, IL
- New incentive programs to launch in 2026
NJ, MD, RI
- Incentives to phase out in 2025/2026
CA, CT
- States to watch for rising utility tariffs
OH, VA, PA, MI, MN, TX, ME, NH

Massachusetts

Multiple incentive programs for distributed batteries to grow with [5GW by 2030 goal](#)

A 1MW/4MWh battery in Massachusetts **can earn from \$2.9-5.1 million in 10 years** in revenues, after fees, based on the battery’s configuration.

- [Clean Peak Credits](#) pay batteries nearly \$45/MWh today, rising to \$65/MWh next year, for discharging during daily peak demand hours. Batteries can earn up to \$260/MWh during critical seasonal peaks, or about **four times more than the average wholesale peak power price forecasted for 2026**. Proposed legislation may soon allow distributed batteries [to lock in these credits for 20 years](#) via an auction.
- [The ConnectedSolutions](#) program offers demand response payments of up to \$300/kW annually. Large commercial customers also save substantially on demand charges, which can reach \$36/kW per month in some utility areas.
- The [SMART](#) incentive pays distributed solar projects an extra \$0.0145-0.0449/kWh if they add a battery. That’s about **\$1.2 million more over 20 years** for a 1MW/4MWh battery with a 2MW solar system, **enough to cover about 60% of the battery costs**. In August 2025, the state passed [SMART 3.0](#) to allow an extra 900MW to qualify for the tariff this year, which will fall to [450MW](#) next year.

Key takeaways

Battery projects in Massachusetts with interconnection and site control can benefit from the highest incentives available in 2025 and 2026. Long-term, fixed high tariff payments make projects highly bankable in the state.

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New York

New 1.5GW distributed battery goal provides generous battery incentive programs

New York is the only market with a distributed battery goal of 1.5GW by 2030. The state's Value of Distributed Energy Resources (VDER) tariff pays distributed batteries a generous all-in rate over 25 years for energy, capacity and grid services.

For example, a 5MW/20MWh battery project **could earn at least \$29 million over 25 years through VDER alone**, according to the official [tariff calculator](#). Grid-connected batteries earn more than behind-the-meter systems because they export all their power during high pricing periods.

New York offers [upfront battery rebates](#) ranging from \$80-170/kWh, based on the utility area, **that can pay for up to 36% of the battery's total costs**. Over \$230 million worth of rebates are available as of late September, which could run out soon.

Key takeaways

New York provides high tariffs for distributed, front-of-the-meter batteries over 25 years. Some congested grid areas can provide the best revenues for on-site batteries in the country.

Illinois

Illinois rebates can pay for up to half of all battery system costs

Illinois offers a generous \$250/kWh upfront rebate for C&I batteries if they're paired with solar, **up to half of total battery installation costs**.

Standalone batteries don't currently qualify for state incentives. But rising utility costs and capacity prices make batteries a promising investment regardless. ComEd's average monthly demand charges have jumped 66% year-over-year to \$19/kW, in line with soaring PJM capacity prices.

Ameren customers (MISO) capacity charges hit \$666/MW-day for the summer of 2025, requiring the utility to raise supply costs [by 50%](#).

In May 2025, a bill to set a 6GW storage target in 2030 failed to pass in Illinois but legislators will likely try to revive the bill soon.

Key takeaways

CBRE advises clients on how to optimize solar-to-battery ratios to maximize incentives while minimizing space and capex needed.

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New Jersey

Incentives for 500-800MW of distributed batteries to launch in 2026

New Jersey has an ambitious goal of reaching 2GW of energy storage capacity by 2030 through the [Garden State Energy Storage Program](#) incentives.

Distributed batteries, including C&I behind-the-meter systems, could earn a **rebate of \$150-200/kWh to pay for up to 40% of battery system costs**. Projects would also earn long-term, fixed demand response payments.

Market conditions in NJ already favor battery projects. Large commercial customers in PSE&G territory face demand charges near \$40/kW monthly, with some smaller utilities charging up to \$58/kW.

Demand-based utility costs have doubled since 2020 in NJ, driven by PJM **capacity market price increases of 400%** for utilities in the state.

Key takeaways

Early-movers in 2026 with site control and interconnection will be best positioned to receive the highest incentives available.

Maryland

[Next Generation Energy Act](#) requires utilities to buy 150MW of distributed storage

Baltimore Gas & Electric (BG&E), Pepco, Delmarva, and Potomac Edison must submit procurement plans for distributed front-of-the-meter batteries by November 1, 2025.

A big share of the capacity will be reserved for third-party owned projects. The exact payment structure is still unknown, but the state's ambitious storage goal of 3GW by 2034 will likely require generous incentives.

Battery economics is promising in Maryland without new incentives. Capacity prices in BG&E hit \$466/MW-day last year, the highest in PJM. Demand charges for BG&E exceed \$24/kW for big C&I customers, according to utility data.

Key takeaways

An on-site battery in Maryland can cut demand costs or tap into lucrative capacity markets if grid-connected. Utility payments may add long-term revenue certainty soon too.

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States with imminent changes to incentive programs

- 1. Rhode Island** has set an ambitious storage target of 90MW by December 31, 2027, rising to 195MW by 2028, but has minimal battery capacity installed to date. A planned battery incentive could help meet the 2027 goal. C&I batteries can already earn up to \$275/kW in demand response payments, capped at \$1 million annually.
- 2. Connecticut** offers both an **upfront battery rebate of \$73-182/kWh that can pay for up to one-third of total battery installation costs**, as well as demand response payments ranging from \$130-225/kW per year. A 1MW/4MWh battery in the state can earn up to \$2 million in incentives over ten years. However, the next 140MW round, if approved next year, will likely eliminate rebates and only keep performance payments.
- 3. California** Self-Generation Incentive Program (SGIP) rebates for behind-the-meter batteries could close at the end of 2025 with just \$4.3 million left. Projects just need site control and a developer contract to apply. The program pays half upfront and half based on battery performance during peak demand hours.

States to watch for rising utility rates

- 1. New England:** Central **Maine** Power (CMP) filed a proposal in September 2025 to raise rates by about 22% between 2026 and 2030. Previously, Maine regulators had approved a 23% increase in distribution charges for Versant Power customers. In **New Hampshire**, regulators approved Unitil plans to raise, among others, distribution rates for C&I customers by as much as 25.5%, effective July 1, 2025.
- 2. PJM:** Capacity charges cost PJM ratepayers \$15 billion a year and will raise to over \$16 billion next year. This has translated into double-digit hikes in the default supply charge for PJM customers in Virginia, Pennsylvania and Illinois. **Ohio** utilities Ohio Edison, Ohio Power, Cleveland Electric Illuminated, Dayton Power & Light and Toledo Edison have asked regulators for rate hikes to raise their revenues by 39-93%, according to S&P. In June of this year, utilities in Ohio already hiked their default supply price by up to 36% to reflect soaring PJM capacity prices.
- 3. MISO:** In April 2025, DTE Energy in **Michigan** asked regulators to approve a rate increase of 10.8% for commercial customers, and up to 8.8% for industrial tariffs. Demand-based charges for big C&I customers in DTE have spiked by 19% between 2022 and 2025, according to utility tariff data. Xcel Energy in **Minnesota** wants to raise demand charges by 20% to \$19.86/kW for the summer months in 2026, and by 28% to \$15.27/kW for the winter of 2026.
- 4. Texas:** Oncor in Texas has asked regulators to approve a rate hike to raise company revenues by over 15%, according to S&P. The utility wants to spend \$12 billion between 2024 and 2028 to improve grid resiliency, add new transmission projects and invest in grid upgrades to accommodate 137GW of new C&I load requests.

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CBRE Energy

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