

Energy Law: Month in Review - June 2025

AUTHORS [Zev Simpser](#), [Brian Bell](#), and [Alyssa Florach-Hess](#).

Welcome to Dorsey's Energy Law: Month in Review. We provide this update to our clients to identify significant developments in the previous month. Please reach out to any of the authors, listed above, to discuss these issues.

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LITIGATION AND DISPUTES

D.C. Circuit Affirms FERC Rejection of Reimbursement Request under Section 211A

The D.C. Circuit sided with the Federal Energy Regulatory Commission (FERC) and [affirmed](#) FERC's rejection of a wind-generation facility's request for reimbursement from the Western Area Power Administration (WAPA) for contributing to a substation

Related Capabilities

- Energy & Natural Resources
- Electric Power
- Environmental, Social, Governance (ESG)
- Sustainability

expansion. Ruling that Section 211A of the Federal Power Act only provides relief through an order for transmission services, the court found that FERC did not have authority to order WAPA to reimburse Kimball Wind LLC for its \$4.3 million contribution to upgrading a substation. The court also considered that the wind facility had voluntarily agreed to connect to WAPA's transmission network.

Michigan Courts Rule that “Interconnection” Requires Physical Lines

A Michigan state appellate court ruled at the end of June that a nonprofit could not claim it “owned” part of a larger transmission project when it did not directly connect to the larger grid. The nonprofit was attempting to claim co-ownership under a 2021 state law that allows incumbent owners of a transmission line to construct, own, and operate a regionally cost-shared transmission line if it “interconnects” with the existing line. The lower court and appellate court agreed that the larger transmission project designed by Michigan Electric Transmission Co. LLC did not “interconnect” with the nonprofit's existing transmission lines when there was no physical connection. The courts rejected the nonprofit's argument that “power flowing” between the lines constituted “interconnection” as likely to lead to “absurd results,” even when the new lines could not function without support from the nonprofit's existing lines.

NERC Finds MISO's Reliability Risk is Lower Than Previous Study Claimed

The grid watchdog North American Electric Reliability Corp. (NERC) corrected its December report on the Midcontinent Independent System Operator (MISO), finding that MISO's reliability risk is lower than originally assessed. The report originally stated that more than half of North America has a risk of energy shortfalls in the next 5-10 years, but NERC's June statement indicates this flawed conclusion relied on a “data mismatch.” The updated report still finds that MISO's footprint has an “elevated risk” until 2028 and will be at “high risk” from 2028 to 2031.

LEGISLATIVE DEVELOPMENTS

“Big Beautiful Bill” Eliminates IRA Renewable Tax Credits by 2028

On July 4, 2025, President Trump signed the “One Big Beautiful Bill,” phasing out many of the clean energy tax credits under the 2022 Inflation Reduction Act (IRA). Moving up the 2032 sunset date originally in the IRA, the law allows developers to claim tax credits as long as the projects either 1) begin construction within 1 year of passage of the Big Beautiful Bill (July 4, 2026) or 2) come online before the end of 2027. The law also limits which foreign or foreign-influenced entities may claim the IRA tax credits, and still requires clean energy developers to reduce their reliance on Chinese components, albeit more slowly than legislators originally proposed.

REGULATORY DEVELOPMENTS

EPA Proposes Rescinding Greenhouse Gas Emissions Standards and Mercury

Standards

On June 17, 2025, the Environmental Protection Agency (EPA) proposed a rule to repeal all greenhouse gas emissions standards for fossil fuel-fired steam generating units based on various deregulatory directives from the Trump Administration and its finding that these emissions do not contribute significantly to dangerous air pollution ([90 FR 25752](#)). The proposed rule also criticized efforts by the Obama and Biden Administrations to regulate greenhouse gas emissions as exceeding EPA's authority. On the same day, EPA also proposed repealing some mercury and air toxics standards for electric utility steam generating units that were adopted under the Biden Administration ([90 FR 25535](#)). Comments are due on the proposed rules by August 7 and August 11, respectively.

New Texas Law allows Grid Operators to Disconnect Data Centers During Emergencies

A [new Texas law](#) authorizes the state's Public Utility Commission (PUC) to both demand and voluntarily request that new data centers and other large power consumers reduce demand during firm load shed events. The mandatory program will allow the PUC to disconnect loads of 75 MW or greater during emergencies for non-critical projects like data centers that come online in 2026 or later. A parallel voluntary demand management program would only operate during certain times of year with 24-hour notice periods. The bill also creates a \$100,000 minimum interconnection fee for large load customers and requires interconnecting customers to disclose potentially duplicative interconnection requests, hoping to reduce the current lengthy interconnection queue.

FCC Allows Energy Utilities to Call and Text Customers about Demand Management Programs

The Federal Communications Commission (FCC) [ruled](#) that power utilities may call or text customers about their potential participation in "demand management" programs aimed at reducing energy usage during peak hours. Utility groups requested the clarification in March, claiming the action was justified in part by the benefits for grid reliability and consumer savings. The FCC decision rejected advocate groups' argument that customers had not given "prior express consent," finding instead that the outreach was "closely related" to service.

MISO Seeks FERC Approval for Expedited Interconnection Process

After FERC rejected an initial plan in May, MISO submitted a revised proposal to create a fast-track interconnection process on June 6, 2025. The process would allow 68 qualifying generator projects to skip the interconnection queue, obtaining interconnection agreements in as little as three months. MISO further requested expedited comment periods and final approval from FERC by July 22, drawing criticism from environmental groups who fear the process would favor gas-fired power plants over renewable energy.

New Jersey Commences First Phase of Energy Storage Program

The New Jersey Board of Public Utilities (BPU) approved the first phase of the Garden State Energy Storage Program (GSESP) on June 18. The GSESP is BPU's attempt to meet its mandate under a state climate law to deploy a 2 GW storage program by 2030 and will reportedly also decrease electric rates. The first phase will involve two rounds of competitive bidding to procure at least 1 GW of storage in larger projects.

Michigan Requires Electric Utilities to Improve Reliability and Restoration Times

Following a series of harmful outages in August 2022, the Michigan Public Service Commission (PSC) initiated a third-party audit of the state's main electric utilities, resulting in a June 12, 2025 order with 75 directives aimed at improving reliability. The order sets specific requirements for DTE Electric Co. and Consumers Energy Co., such as increasing staff and resources to address downed wires ahead of major storm events, improving vegetation management programs, and replacing equipment in poor condition. Both utilities expressed support for the PSC order, which also requested public comment by July 30, 2025.