Energy Technologies & Policies

Climate, Energy, & Political Divide
Institute for Policy Integrity conference
September 24, 2026

Lighthouse Energy Institute

Who We Are

LEI is an independent, nonpartisan think tank. Our mission is to provide information that improves the quality of energy and environmental institutions and policies. LEI achieves this by conducting honest, robust research and education consistent with three principles: competitive markets, limited government, and quality institutions.

Lighthouse
Energy
Institute

Energy Costs Come First in Reset Climate Agenda

Abatement cost category	Overton Window Strength	Social Welfare Effect	Policy Examples
Class I. negative	Strong	Very positive	Liberalized permitting and siting; Liberalized power markets; Streamlined generator interconnection; Economical transmission expansion; Efficient R&D policy
Class II. low	Substantial	Positive	Efficient GHG transparency; Efficient demonstration policy; Modest RPS; Backstop cap-and-trade; Modest command-and-control regulation
Class III. medium	Inconsistent	Globally positive, often domestically negative	Moderate RPS; Robust cap-and-trade; Moderate command-and-control regulation; Infant industry support
Class IV. high	Poor	Often negative	Stringent RPS; Stringent command-and-control regulation; Onerous GHG transparency; Mature technology subsidies

Most US energy sector abatement falls in Class I & II

Lighthouse Energy Institute

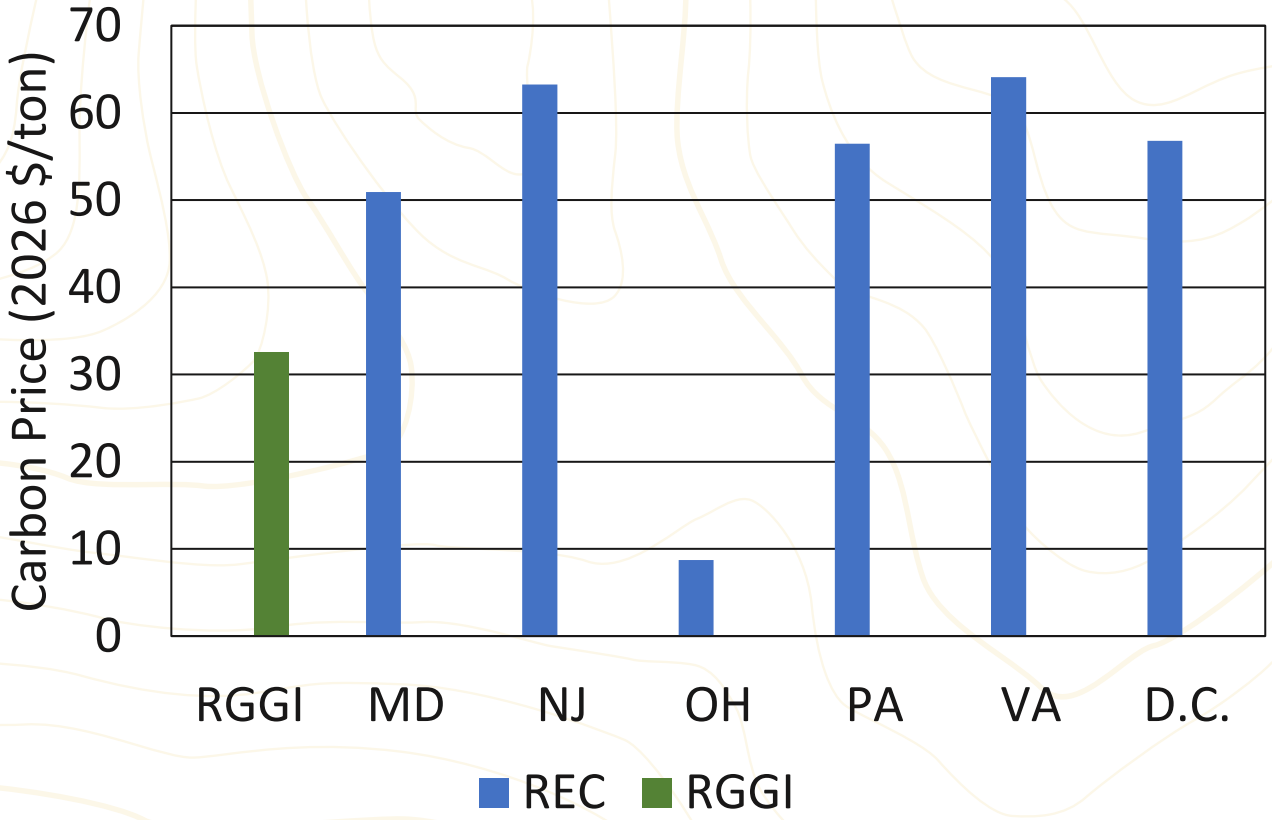
Source: Hartman & Brown (2026)

Cost-Reducing Transmission Reforms

- *Max voluntary expansion pathways (tap large load capital)*
  - *E.g., enable merchant interregional*
  - *E.g., enable consumer-funded upgrades*
  - *E.g., introduce open seasons*
- *Better planning: transparency, independence, economic criteria, competitive bidding*
- *Assess/require advanced transmission techs (existing sys.)*
  - *I.e., "good utility practice" cost-of-service standard*
- *Various permitting reforms*
- *Stronger federal backstop siting (state autonomy retained)*

Lighthouse Energy Institute

Explicit vs. Implicit Carbon Pricing



RGGI is binding w/ upward cost pressure
Futures: $50/ton+ ($100/ton call options)

SREC Implicit Prices (2026): MD ($89/ton), NJ ($378/ton), PA ($66/ton), D.C. ($836/ton)

Permitting, siting, forced plant retirements, out-of-market subsidies, etc. carry carbon shadow prices

"Clean up" interventions to lower energy costs and keep or lower emissions trajectories

Lighthouse Energy Institute

Source: PJM Market Monitor (2026) and RGGI (2026)
Note: RGGI price based on ave. of first three quarterly 2026 auctions

Thank you!

Devin Hartman

dhartman@lhenergy.org

lighthouseenergyinstitute.org

Lighthouse Energy Institute