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Battery Energy Storage in the US: The Forward Outlook

Quentin Scrimshire

Brandt Vermillion

Agenda

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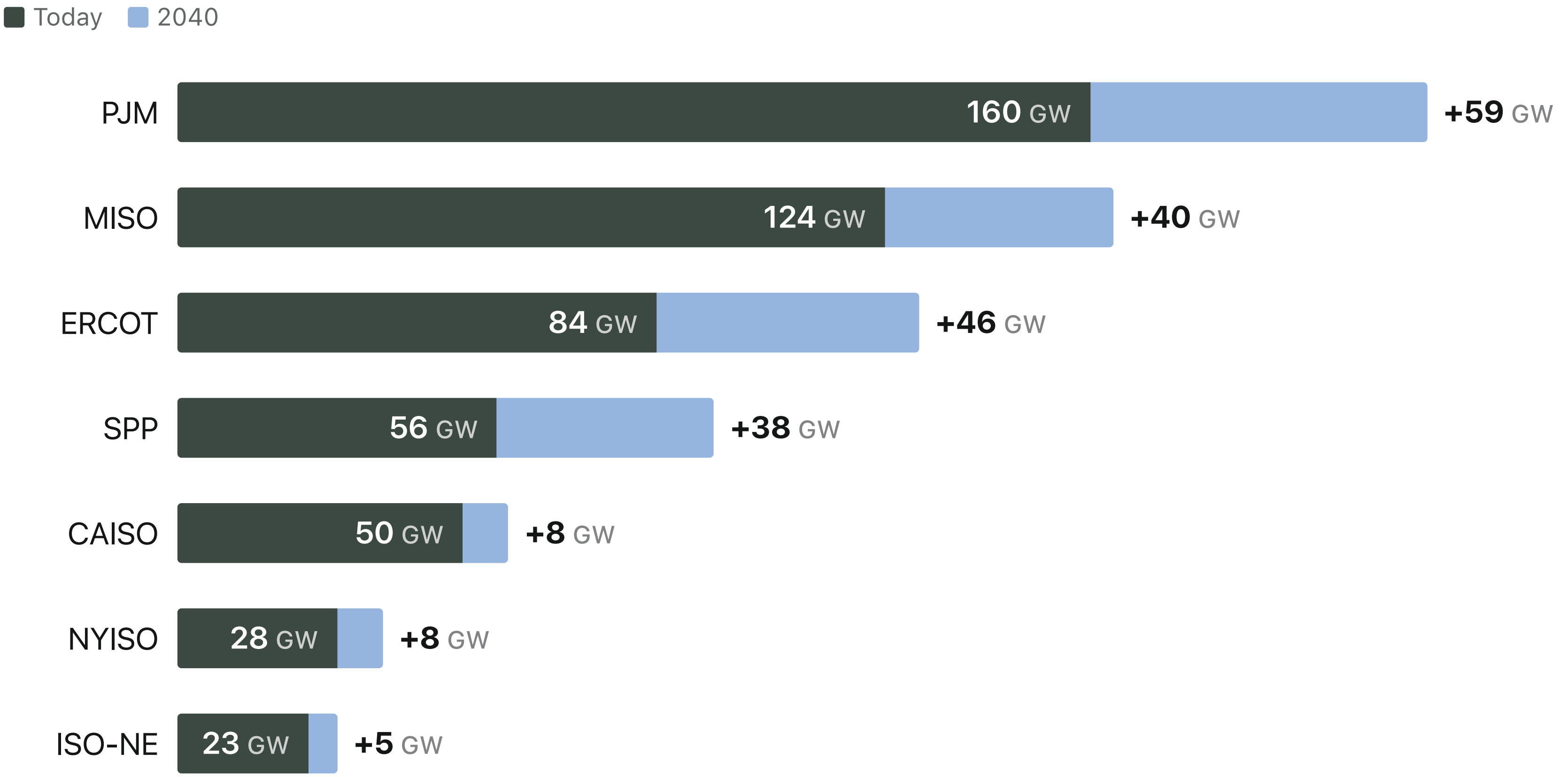
The backdrop

Load growth is coming

Peak demand



Source: Modo Energy World View, Central Scenario; ISO-NE from Modo Energy ISO-NE Market Outlook. Each ISO's system peak; totals are the sum of ISO peaks. CAISO shown at system-peak level (modelled zonally in World View).

But the policy backdrop is noisy

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Renewables under pressure

Trump administration pauses 5 offshore wind projects on the East Coast, citing security concerns

Nation Updated on Dec 22, 2025 2:36 PM EDT — Published on Dec 22, 2025 10:59 AM EDT

PBS News / Associated Press · 22 Dec 2025

REUTERS

Trump executive order seeks end to wind and solar energy subsidies

Reuters · Jul 2025

Demand backlash

Technology

JULY 14, 2026 | Albany, NY

First Statewide Moratorium on New Hyperscale Data Centers Launched by Governor Kathy Hochul

Office of the Governor of New York · 14 Jul 2026

THE TEXAS TRIBUNE

Abbott orders audit of every data center in Texas' power queue before projects can advance

The Texas Tribune · 3 Aug 2026

Cost & trade headwinds

DEEP DIVE

Will tariffs help or hurt the US energy storage industry? It's complicated, experts say

Battery system costs have already soared past 2023 levels, one analyst says, but insiders are cautiously optimistic for a more resilient supply chain in the longer run.

Published May 1, 2025

Utility Dive · 1 May 2025

REPORT

HOW 'FEOC' RULES ARE RESHAPING ENERGY STORAGE TAX CREDIT ELIGIBILITY

March 2026

Authors: Casey S. August

Morgan Lewis · Mar 2026

Hardware keeps getting cheaper

Li-ion battery pack price — USD/kWh

Source: BloombergNEF (Dec 2025).

Capital continues to flow into US BESS

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$100 billion

of announced investment in US battery storage by 2030

American Clean Power Association

$17 billion

of publicly disclosed BESS deal value in the first half of 2026

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Where the US market stands today

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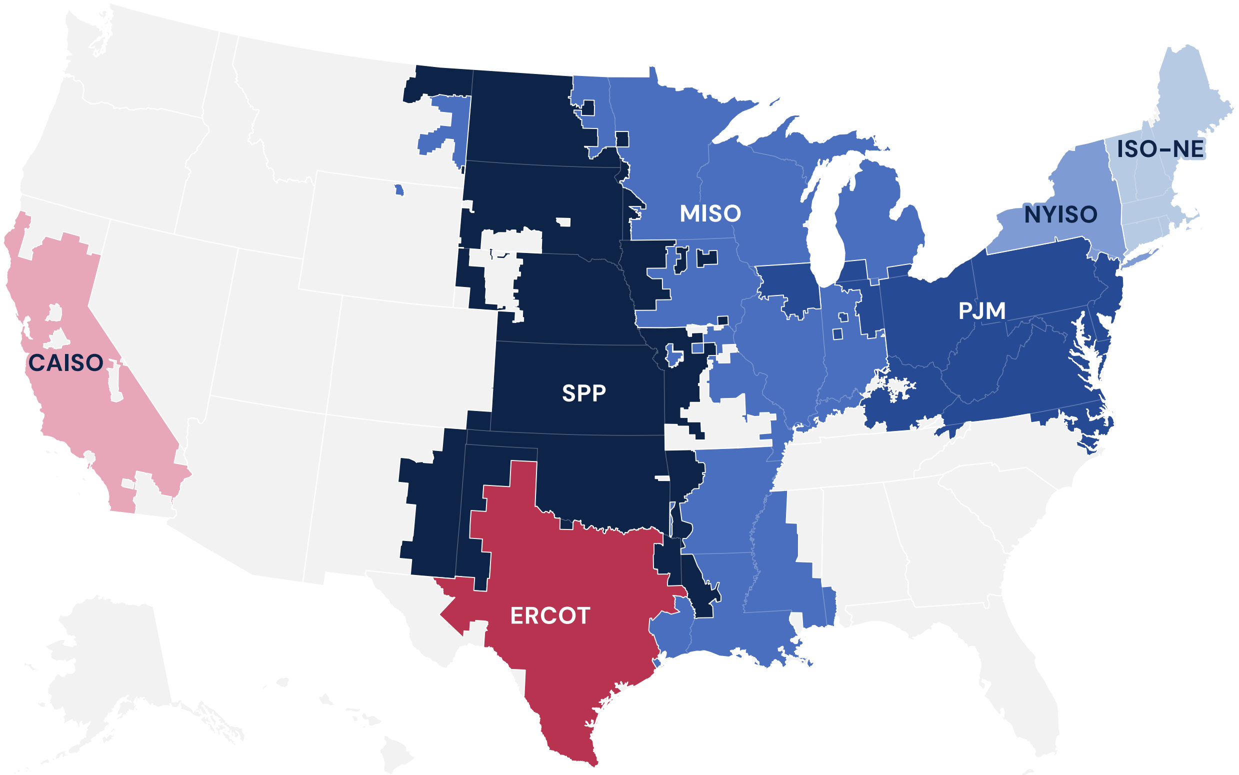
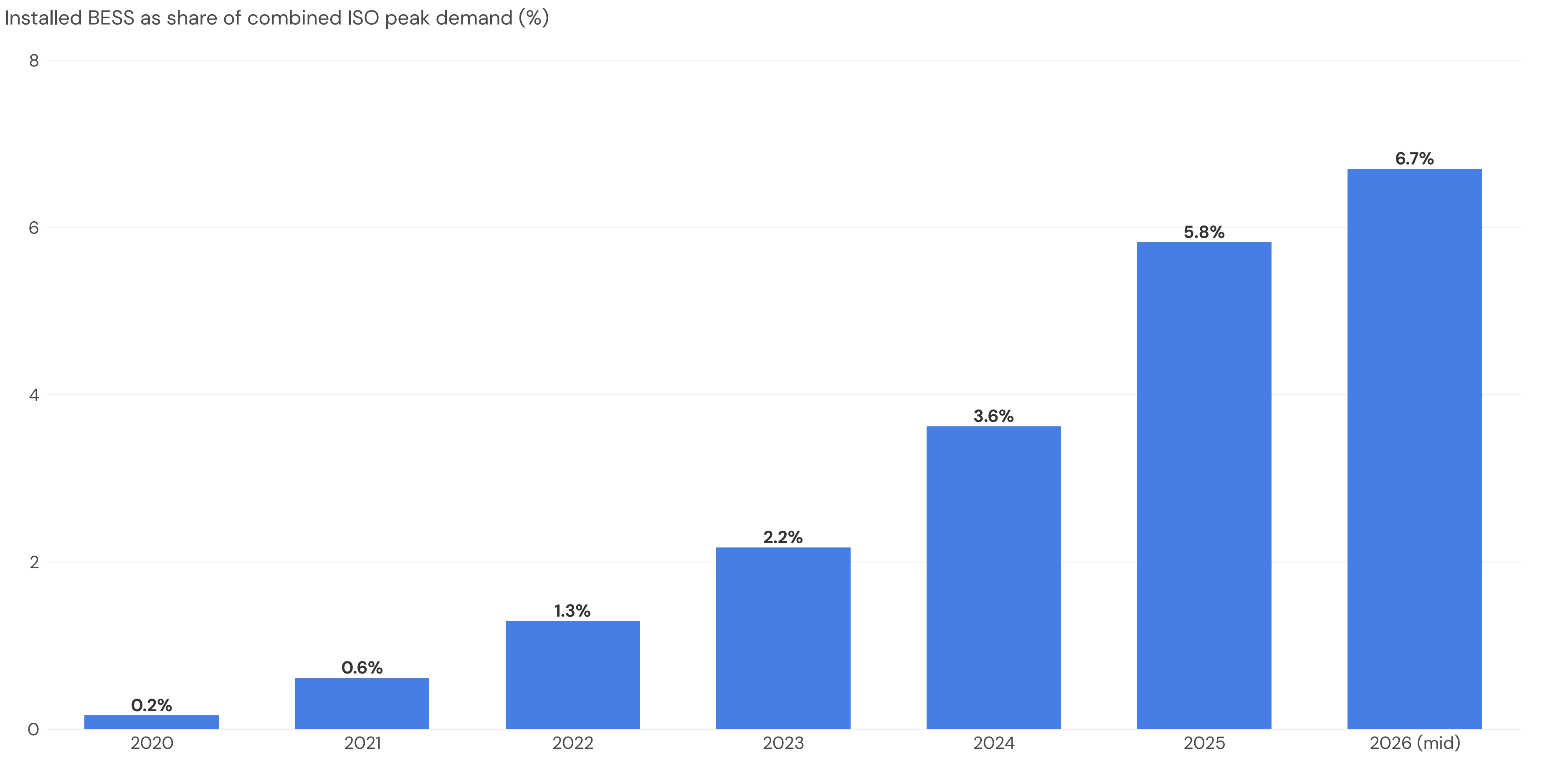


Batteries now cover 7% of peak demand



90% of installed US BESS capacity is in ERCOT and CAISO

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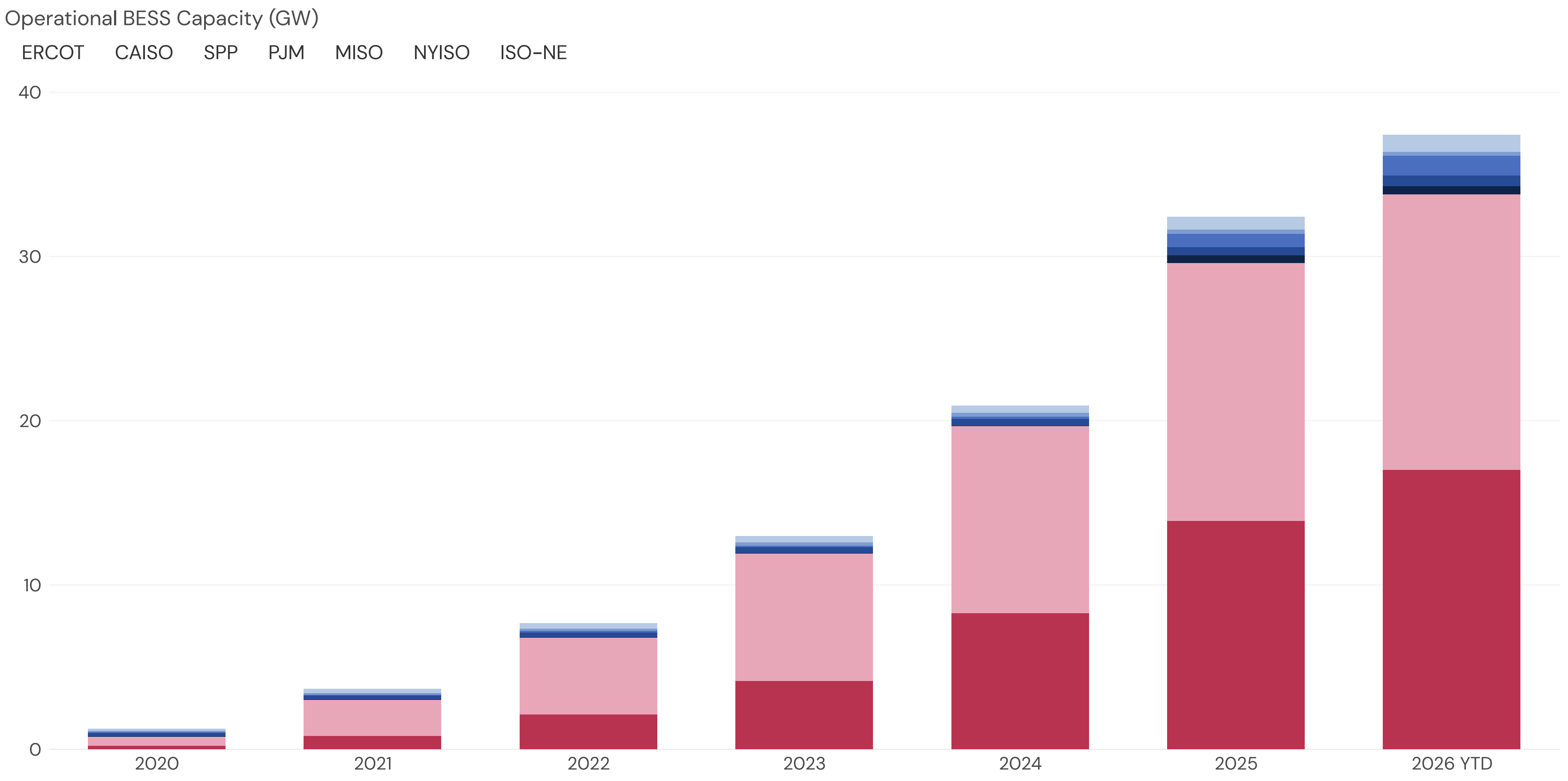

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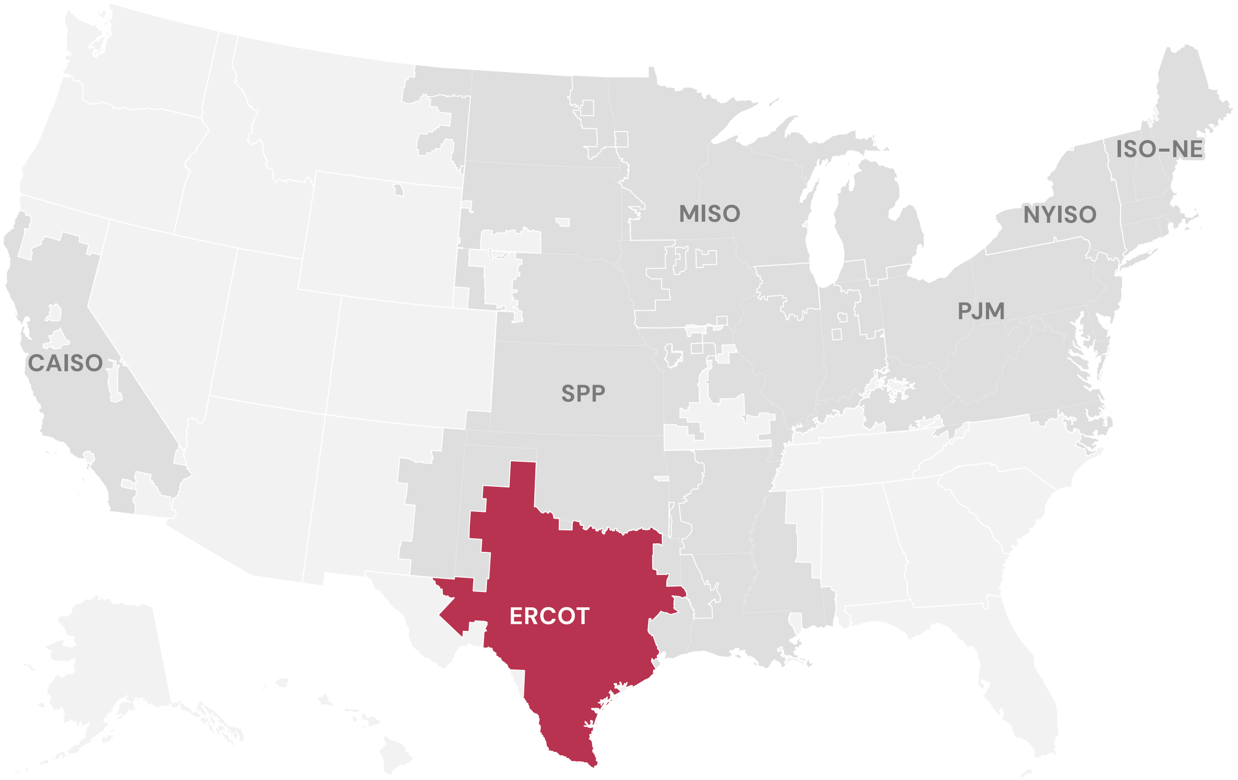

Batteries have transformed ERCOT

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	RECORD-BREAKING DEMAND DAYS	
	Previous August 20, 2024	**New** July 22, 2026
Peak load	85.6 GW	91.1 GW
Max BESS discharge	**3.9 GW**	**12.0 GW**
Peak real-time price observed	*$4,853/MWh*	*$345/MWh*

In ERCOT, revenues have compressed

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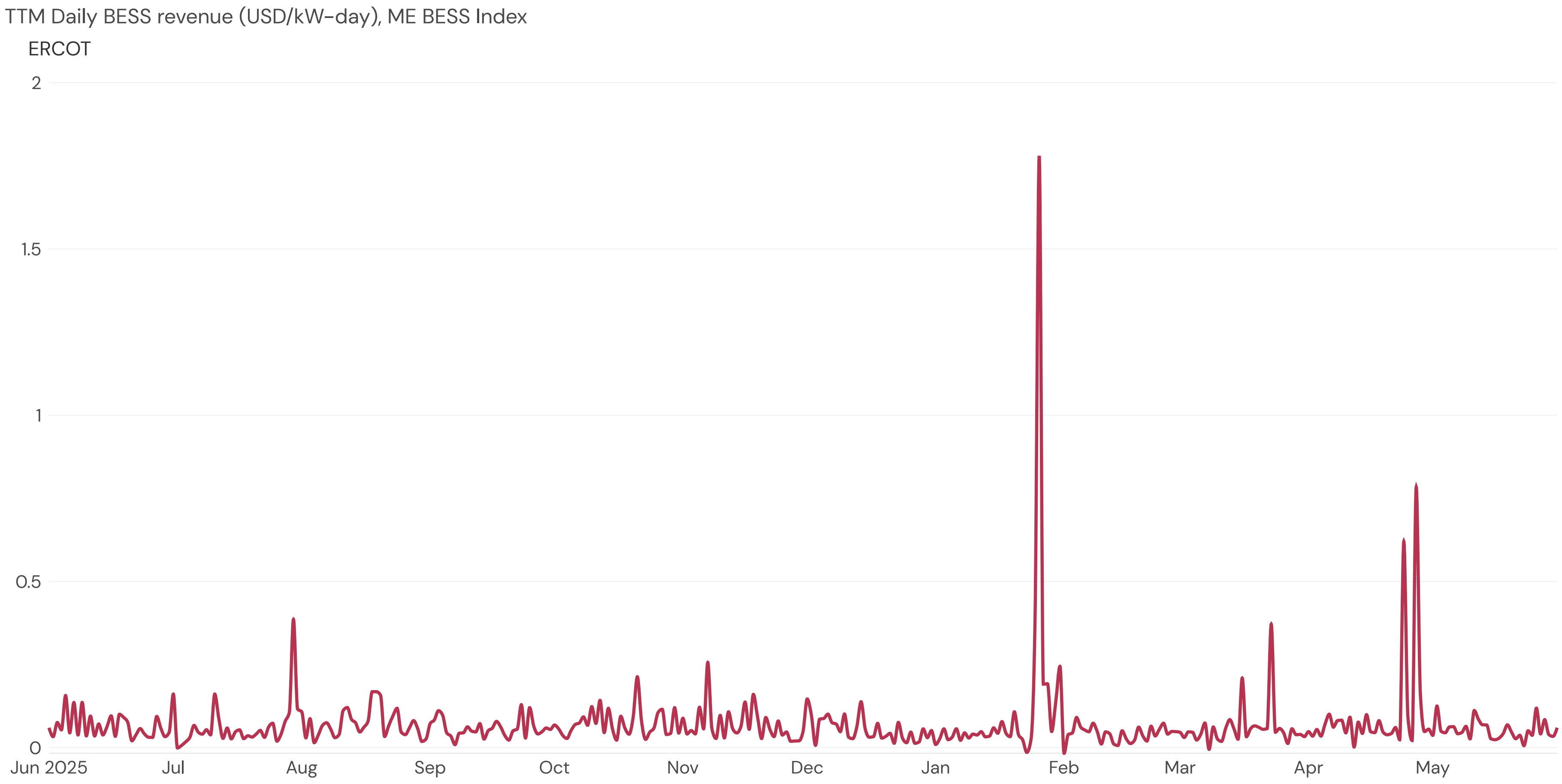

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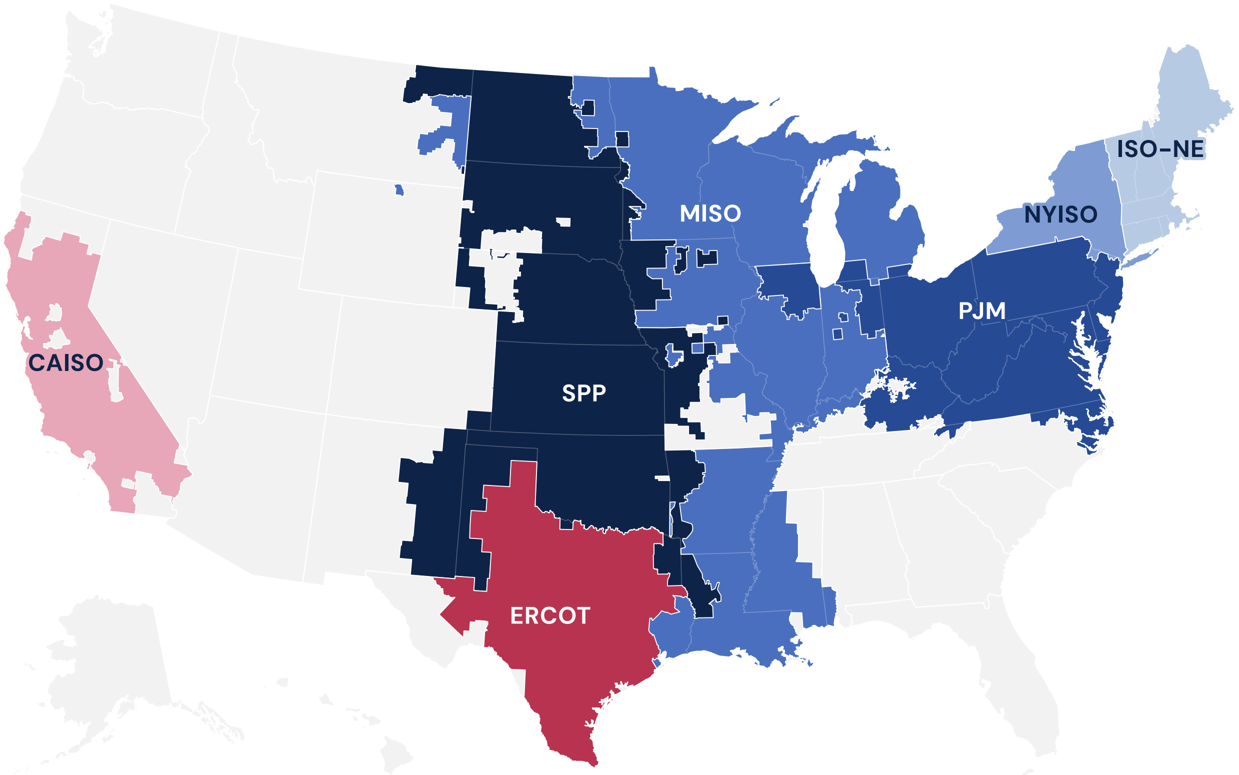

Eastern markets sit above ERCOT & CAISO

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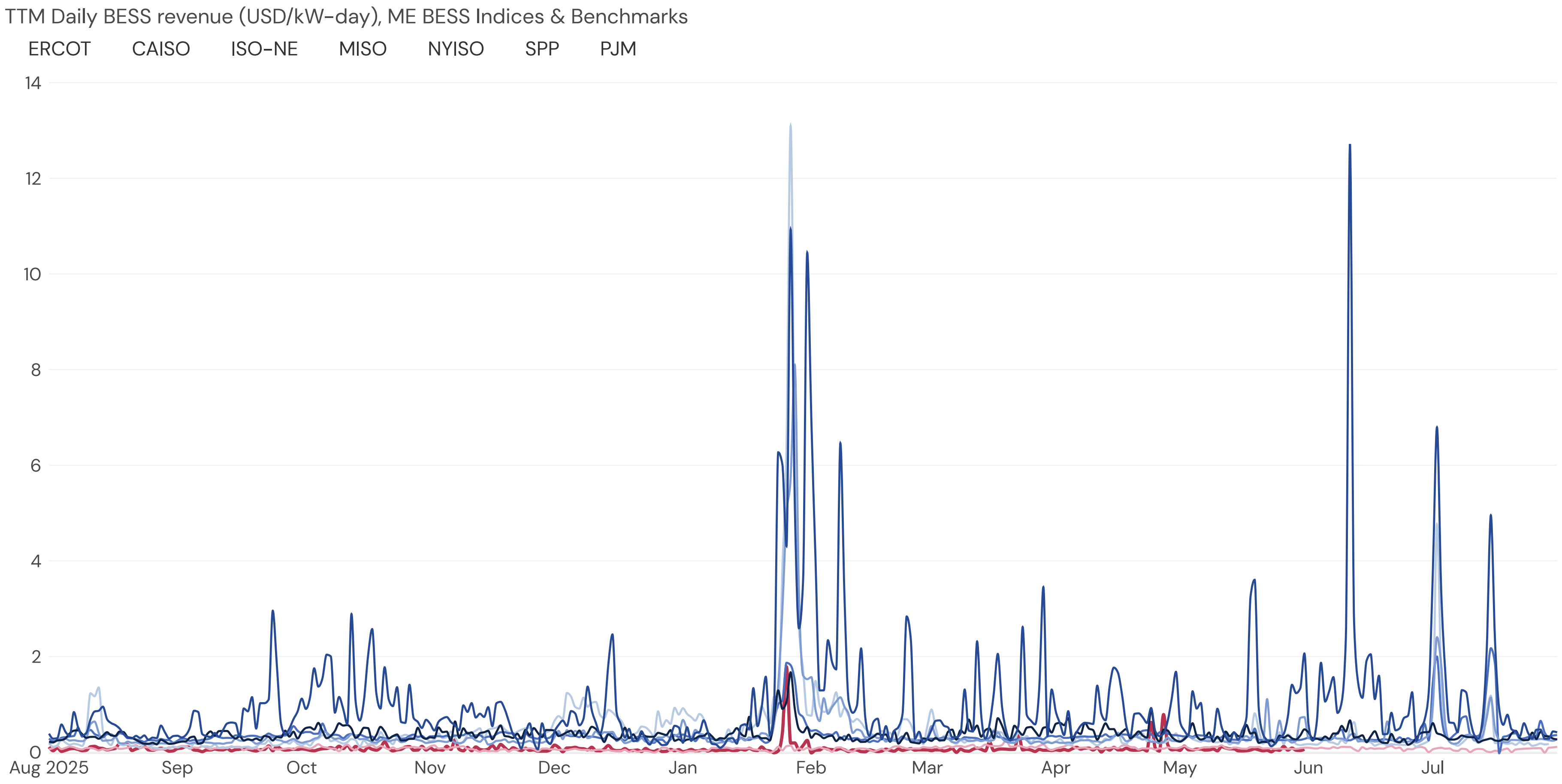

But those markets are not yet saturated

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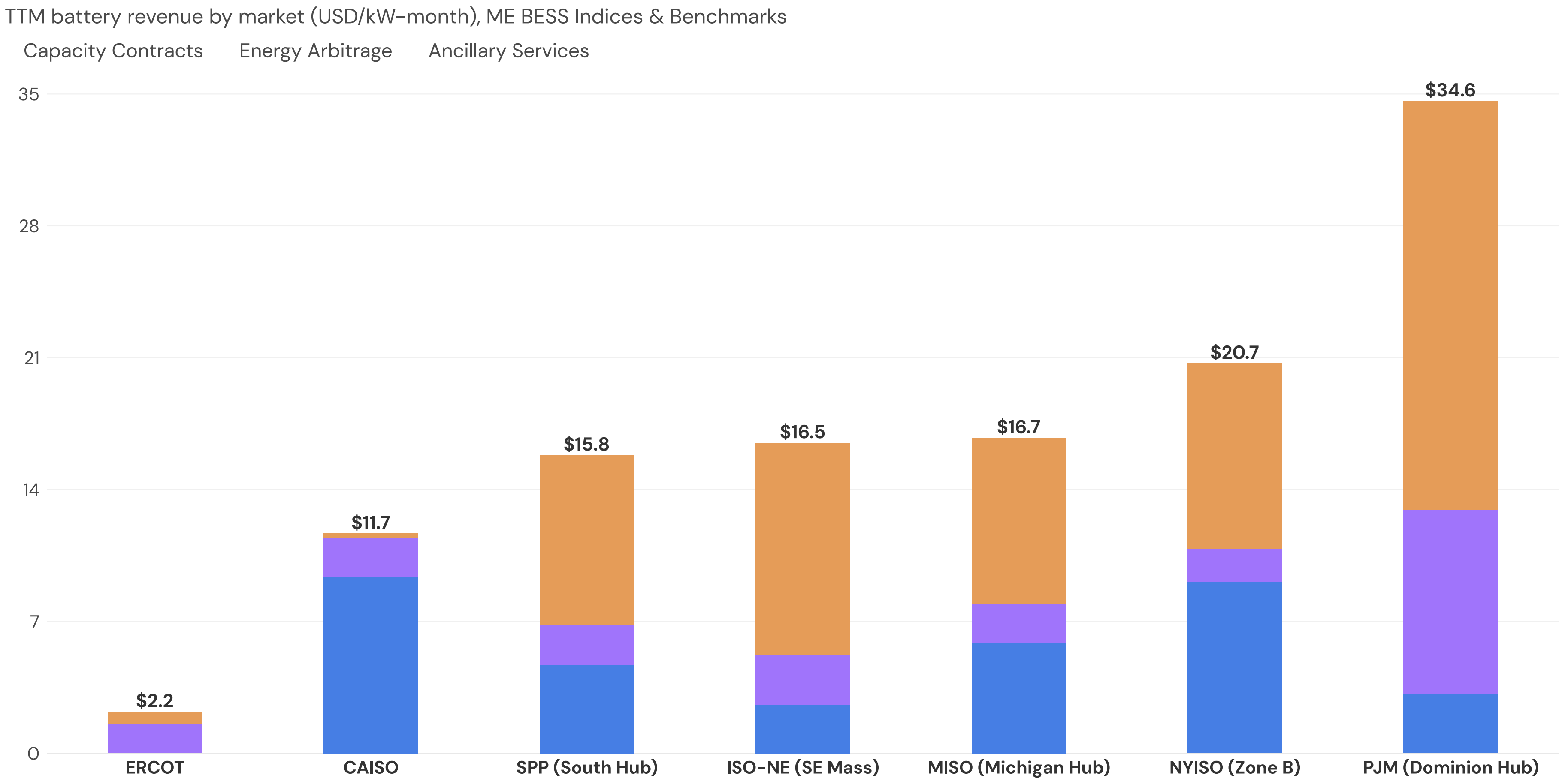

The forward outlook

Made in America?	58% tariff stack on Chinese cells; 55% FEOC sourcing test for the ITC; FCC block on foreign inverters
Credits sunsetting	Wind and solar lost their construction-start window on July 4 - storage credits survive, for now
AI backlash	e.g. Abbott ordered audits of a 474 GW queue that is 90% data centers
Local opposition	e.g. New York municipalities freezing BESS permits, 1 GW stalled

US battery capacity triples in five years

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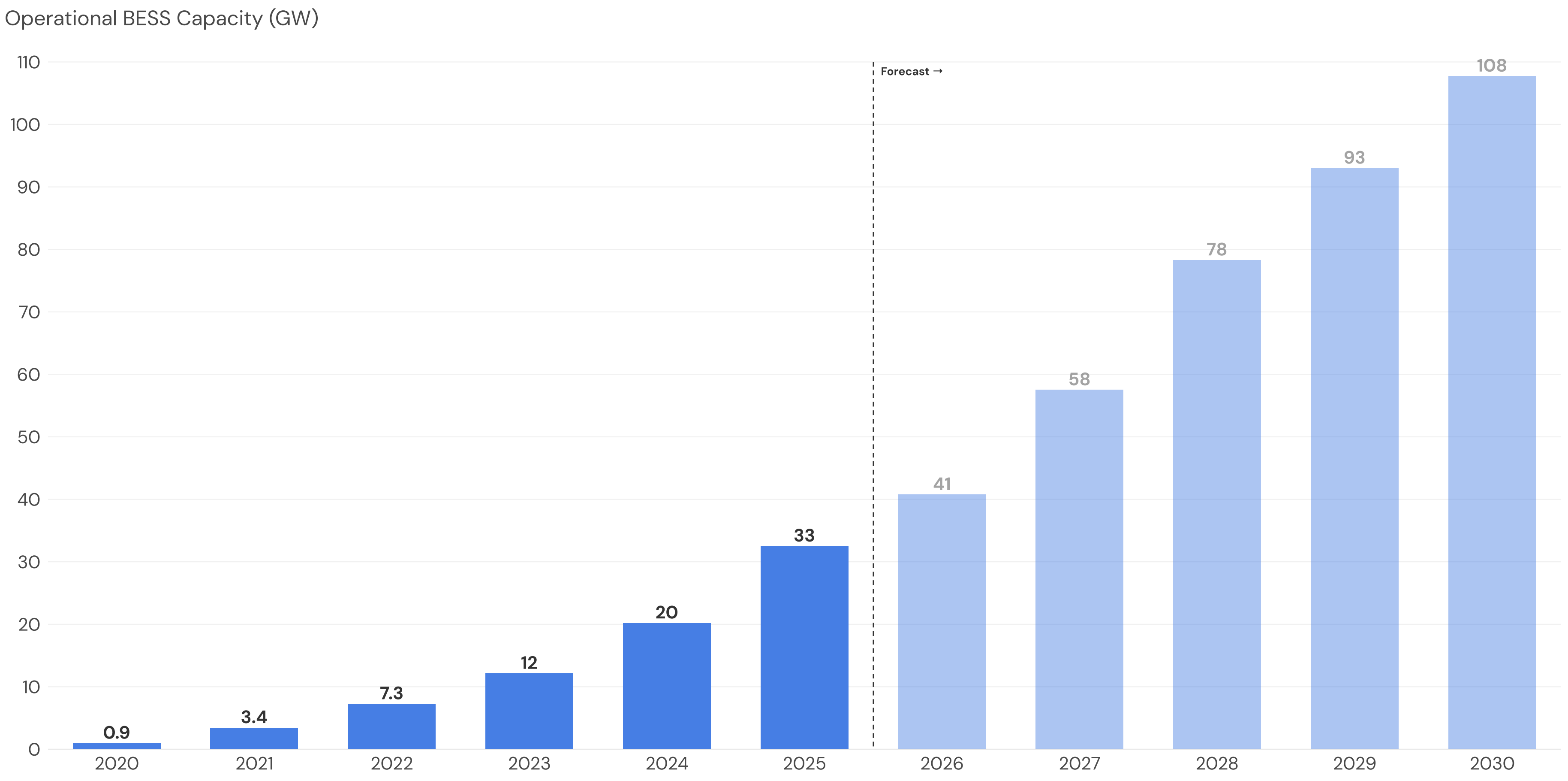
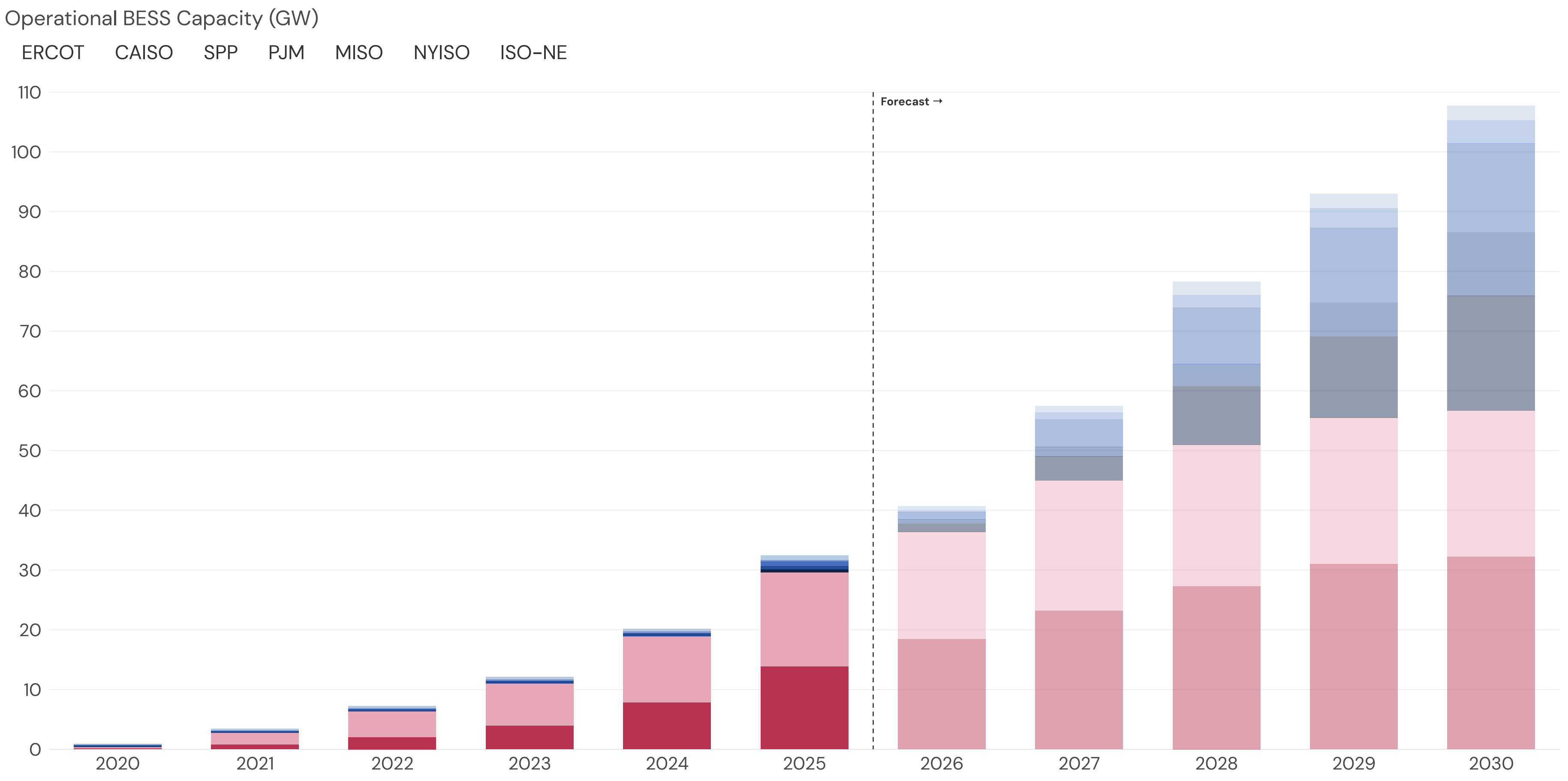


Eastern markets grow to 47% of installed capacity



Each market goes through its own cycle(s)

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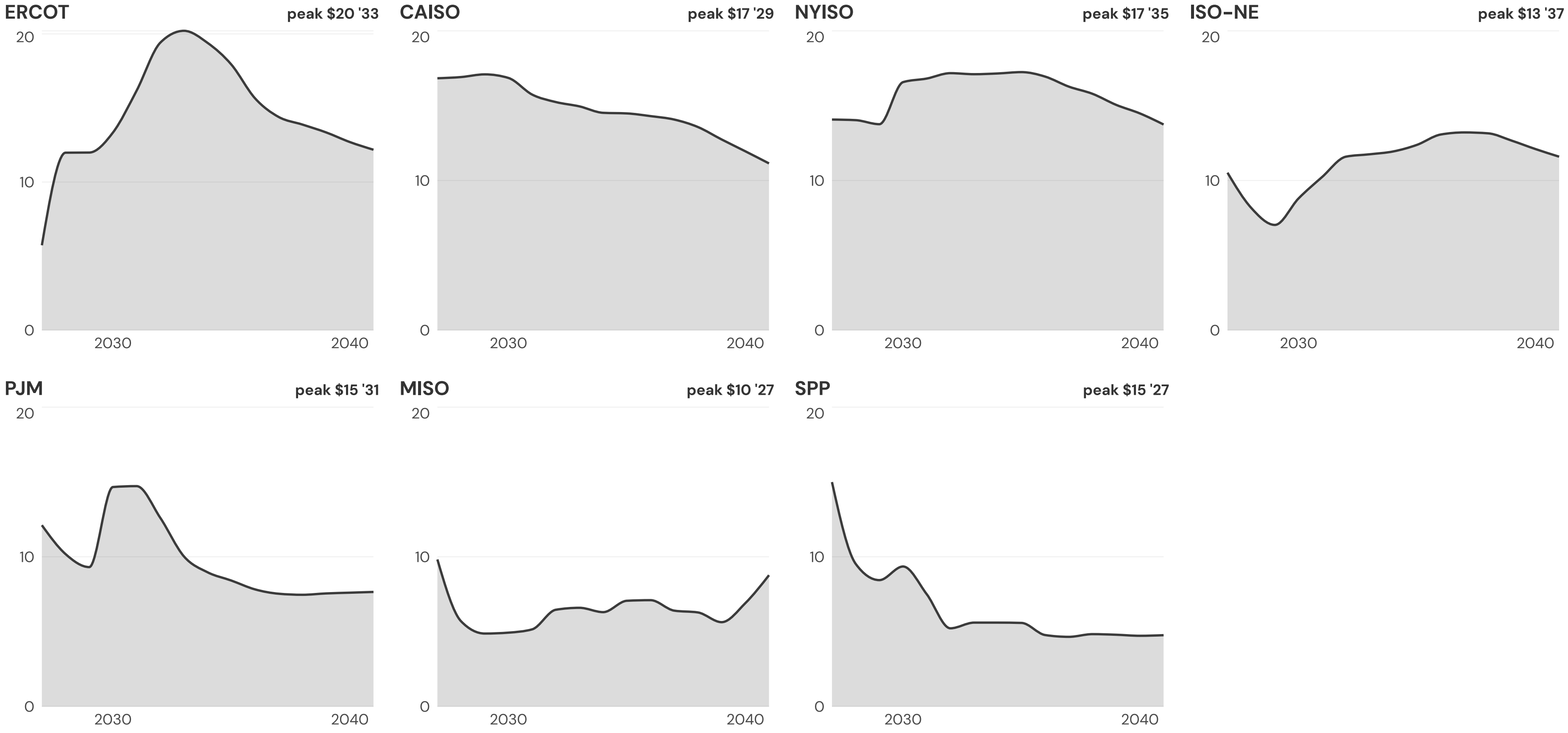
Forecasted BESS revenue (USD/kW-month, real 2025) - 4h duration



On merchant revenue alone, ERCOT stands apart

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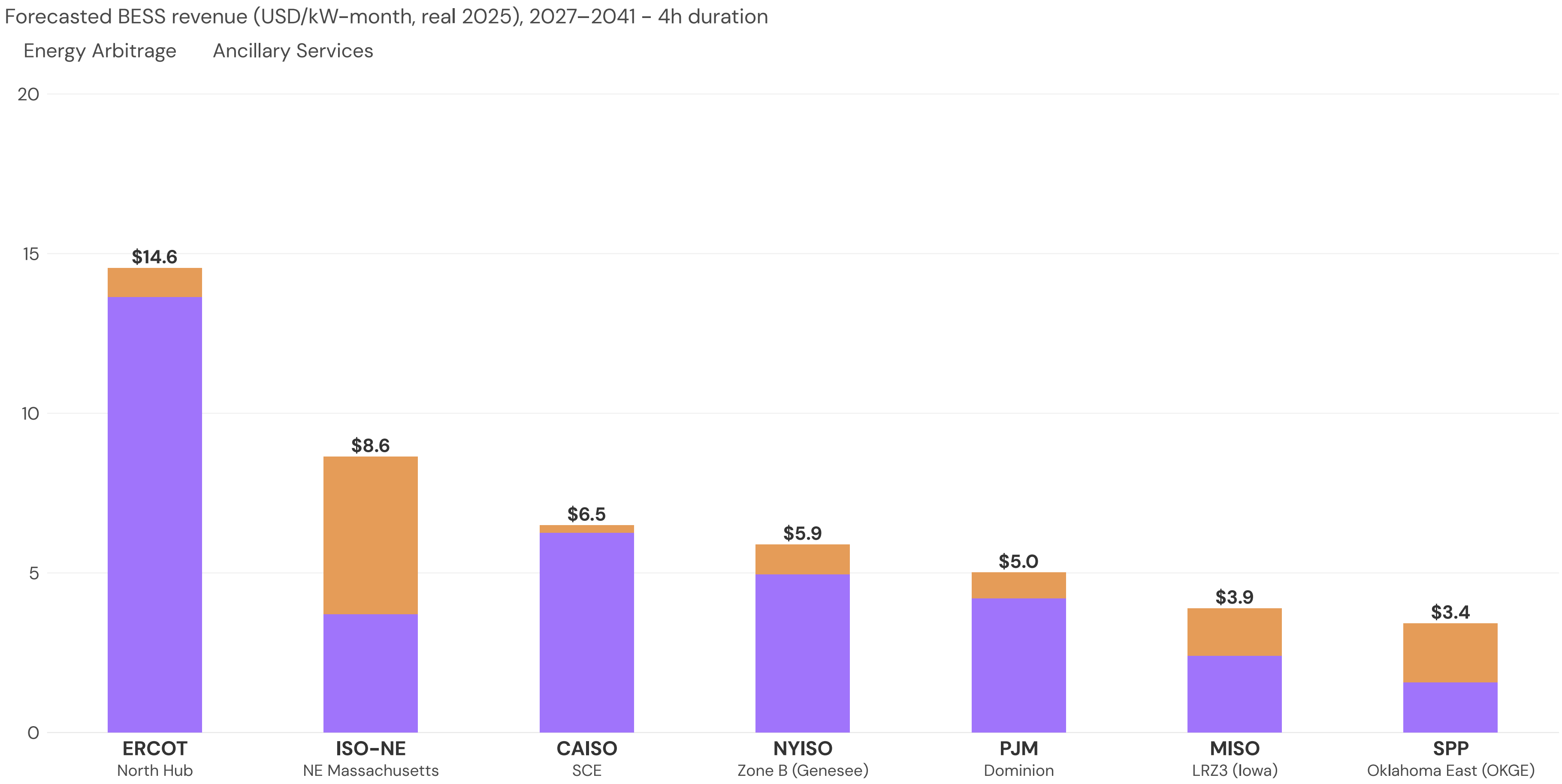

Capacity contracts redraw the revenue map

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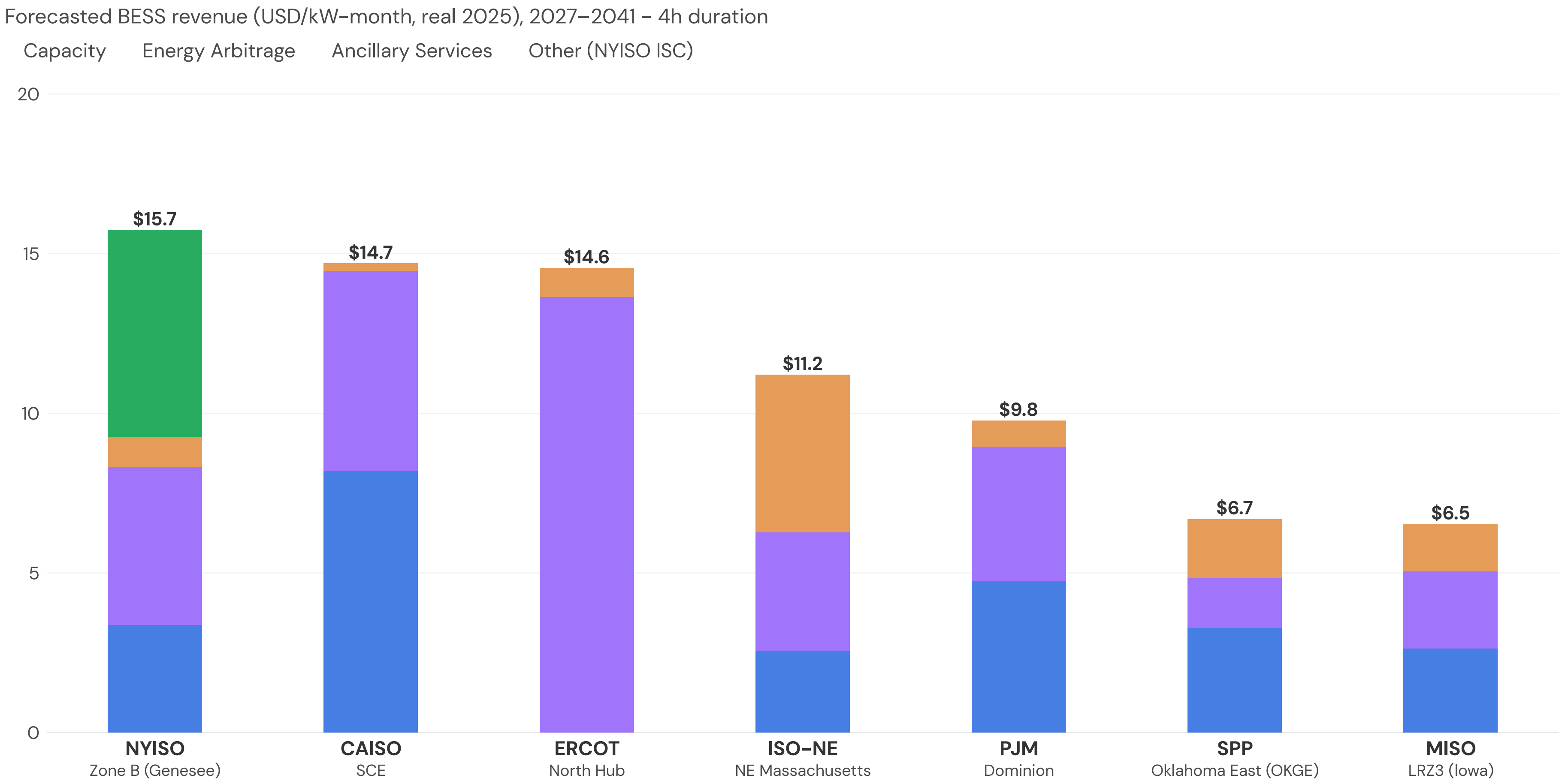

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The items we're watching

The US battery opportunity map

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Market	+ Tailwinds	– Headwinds	Forward read
ERCOT	+ Load +25% by 2030 + Potential for huge volatility	– Ancillary saturated (97%→28%) – No capacity market safety net	**HIGH** Peaking in early 2030s
CAISO	+ RA = stable revenues	– Large fleet = cannibalization – Limited load growth	**MED** High-value RA maintains potential
PJM	+ Capacity at the cap ($329/MW-day) + Huge data center queue	– Market design uncertainty – Brutal interconnection	**HIGH** If BESS can connect
NYISO	+ Index Storage Credit + Locational upside downstate	– Limited procurement – BESS morataria	**MED** ISC in NYC
ISO-NE	+ MA Clean Peak ~$159k/MW-yr	– Value gated to Massachusetts – Hard, slow to build	**MED** MA only · mid-2030s
MISO	+ Large load growth anticipated	– New gas (ERAS) crowds batteries out – BESS charging limitations	**MED** Dependent on capacity prices
SPP	+ Big offtake opportunities + Queue reform is working	– High wind not solar – Saturation bites soon	**HIGH** Early-mover window is now

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Eight charts to key in on

1) ERCOT: peak demand grows 25% by 2030

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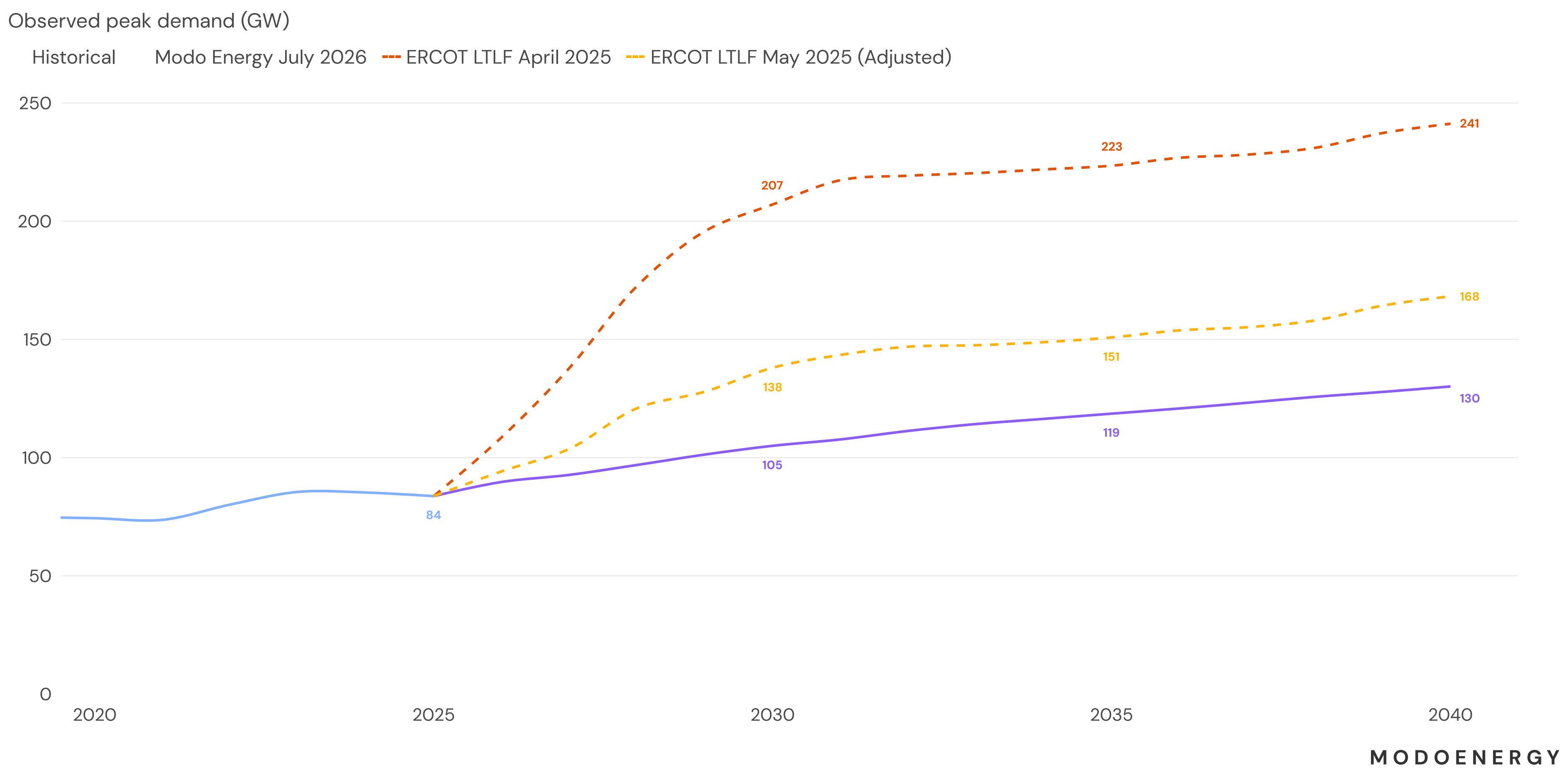

2) ERCOT: rising turbine costs limits gas-fired buildout

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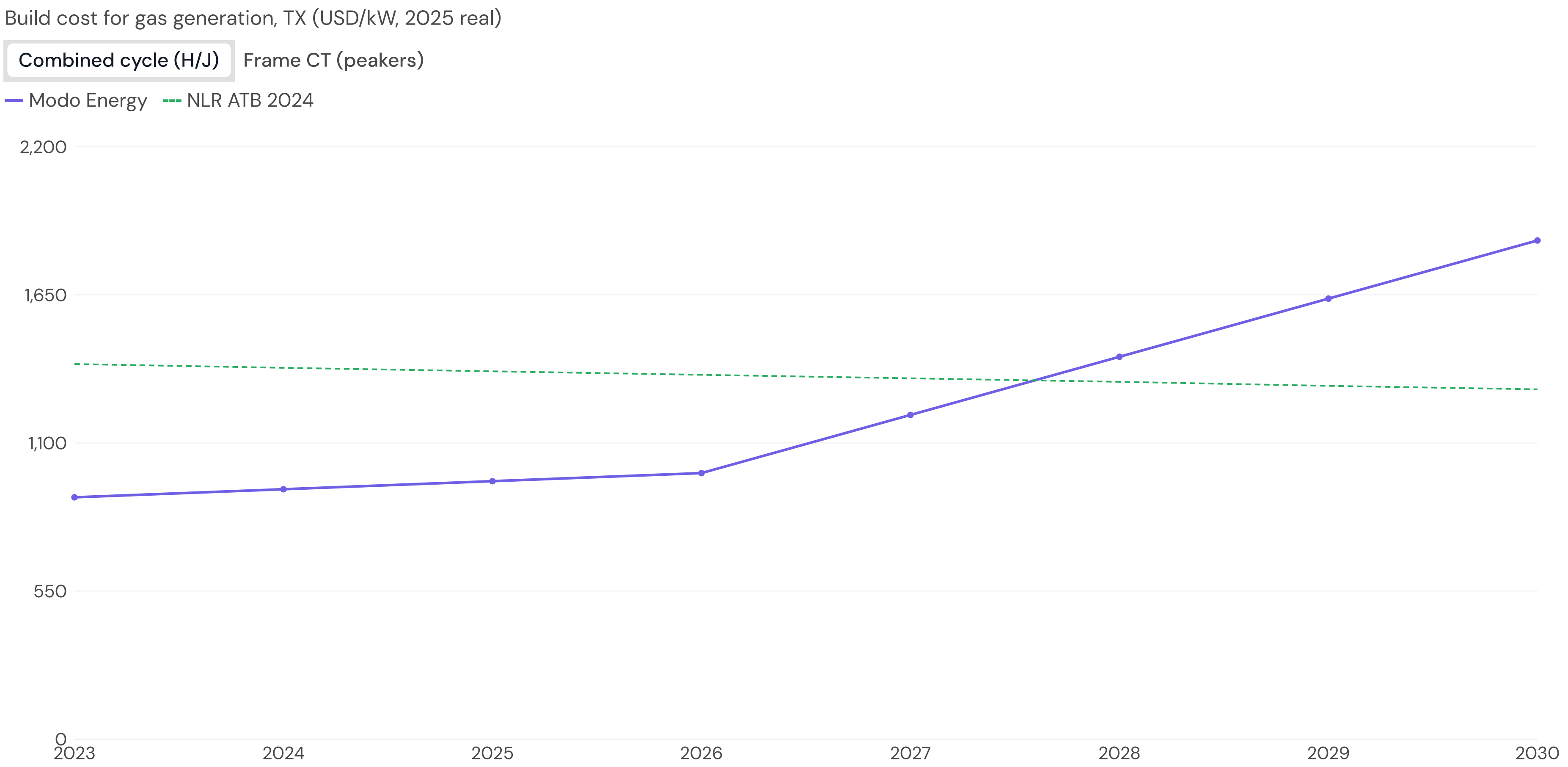
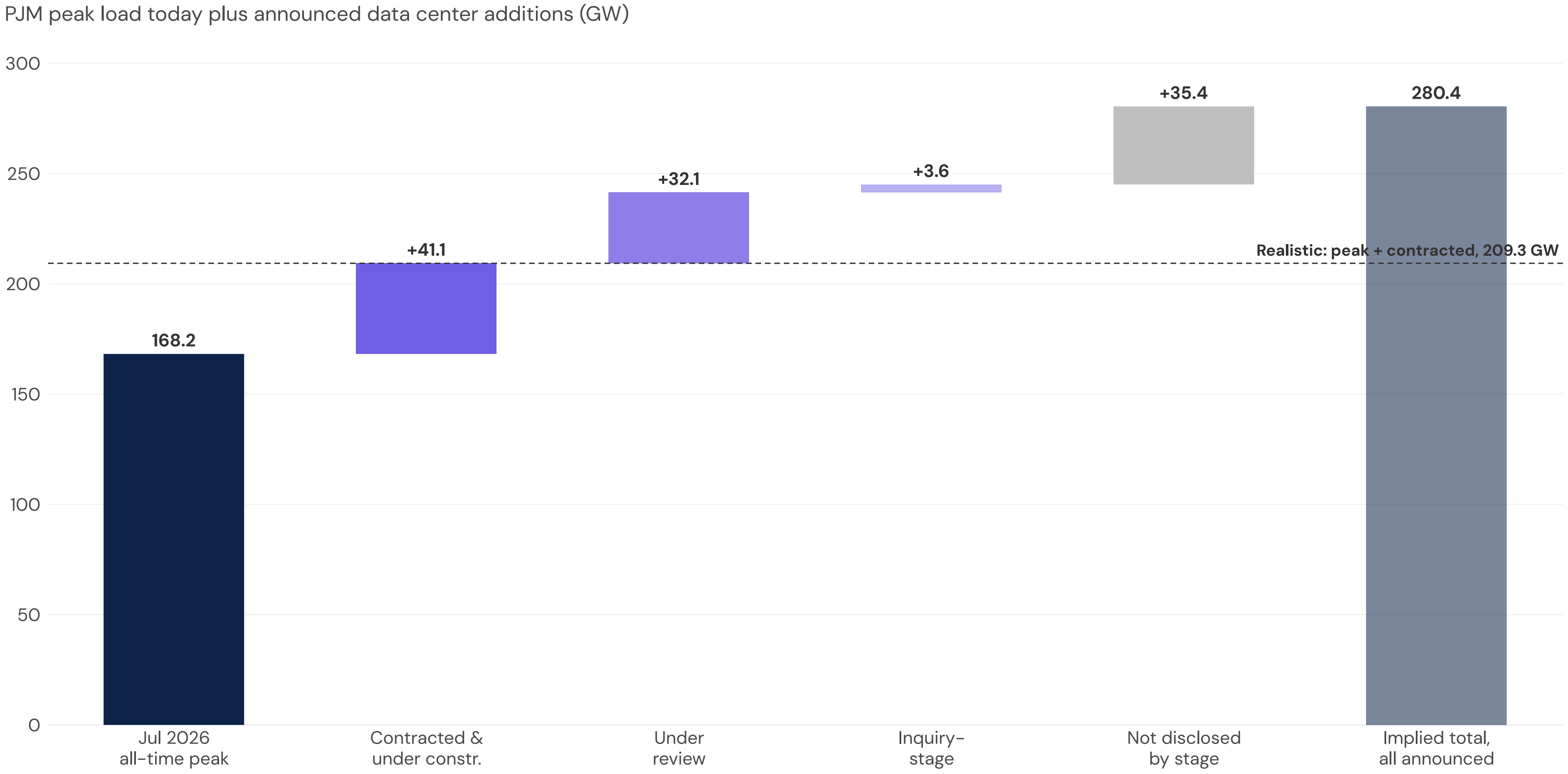


3) PJM: the data center queue dwarfs today's record peak



4) MISO: fast-tracked gas mutes the volatility upside

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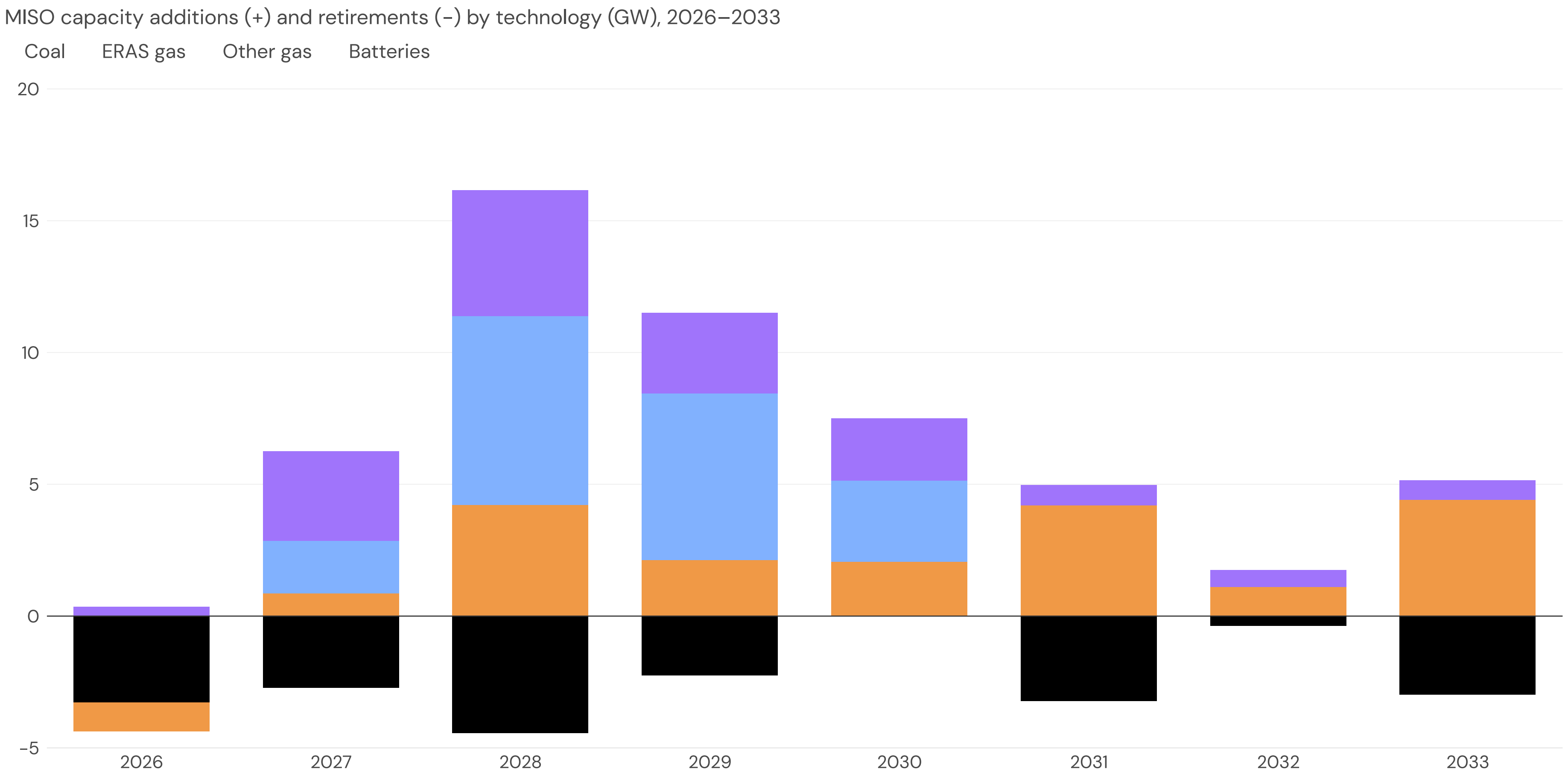

5) SPP: low average spreads hide locational upside

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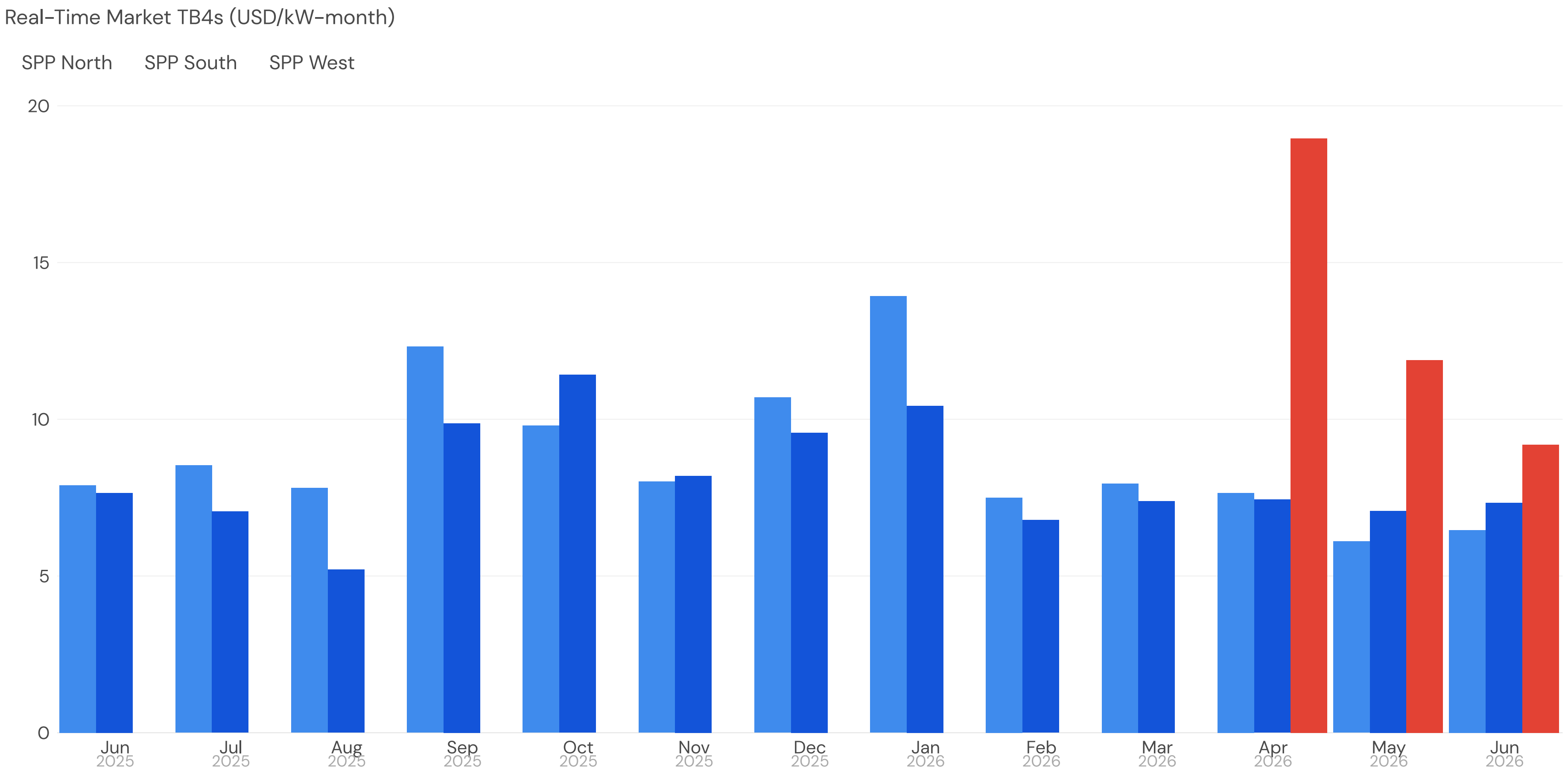

6) SPP: the new queue process opens the door for development

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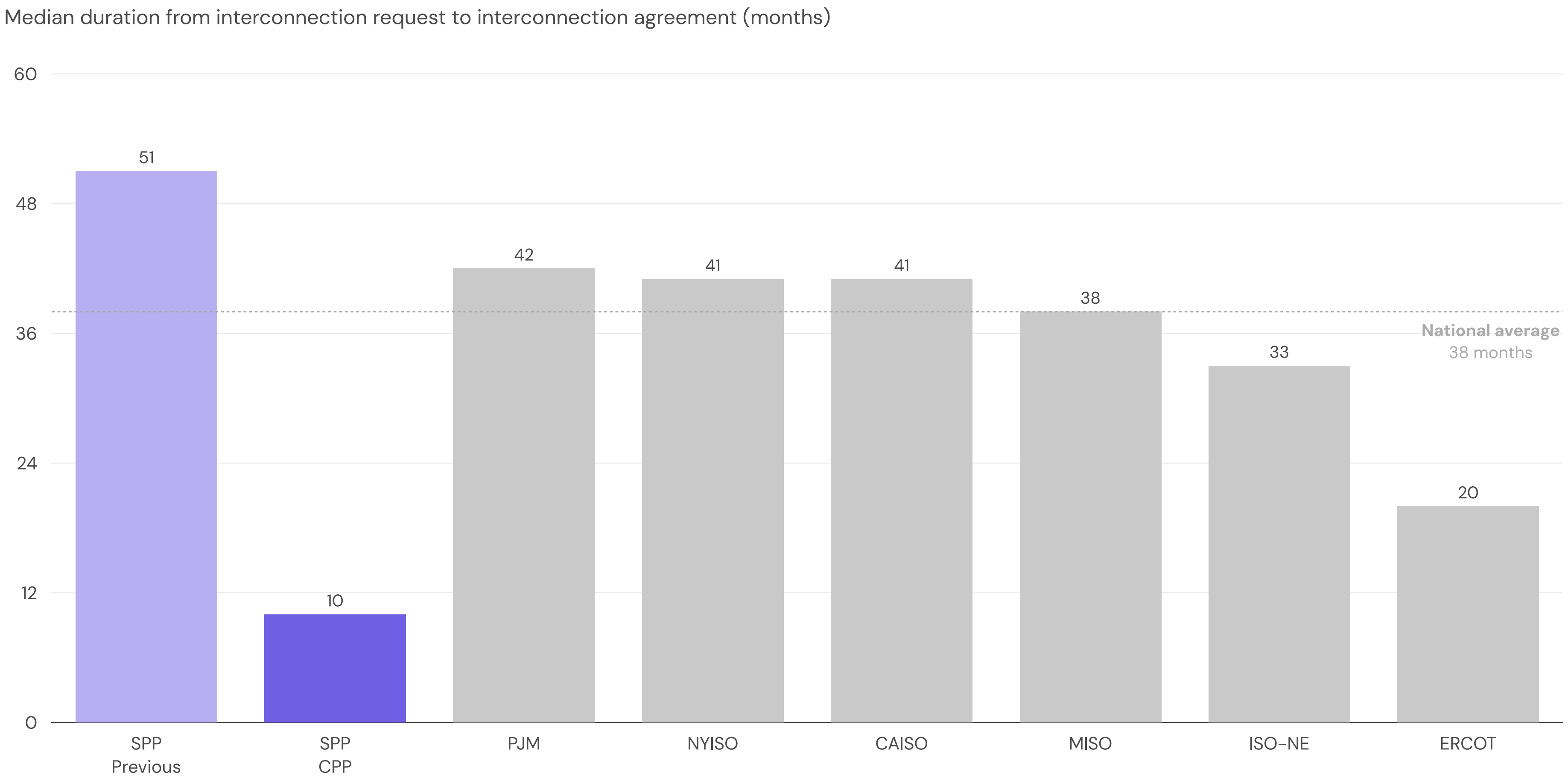

7) ISO-NE: Clean Peak alone beats Maine's entire revenue stack

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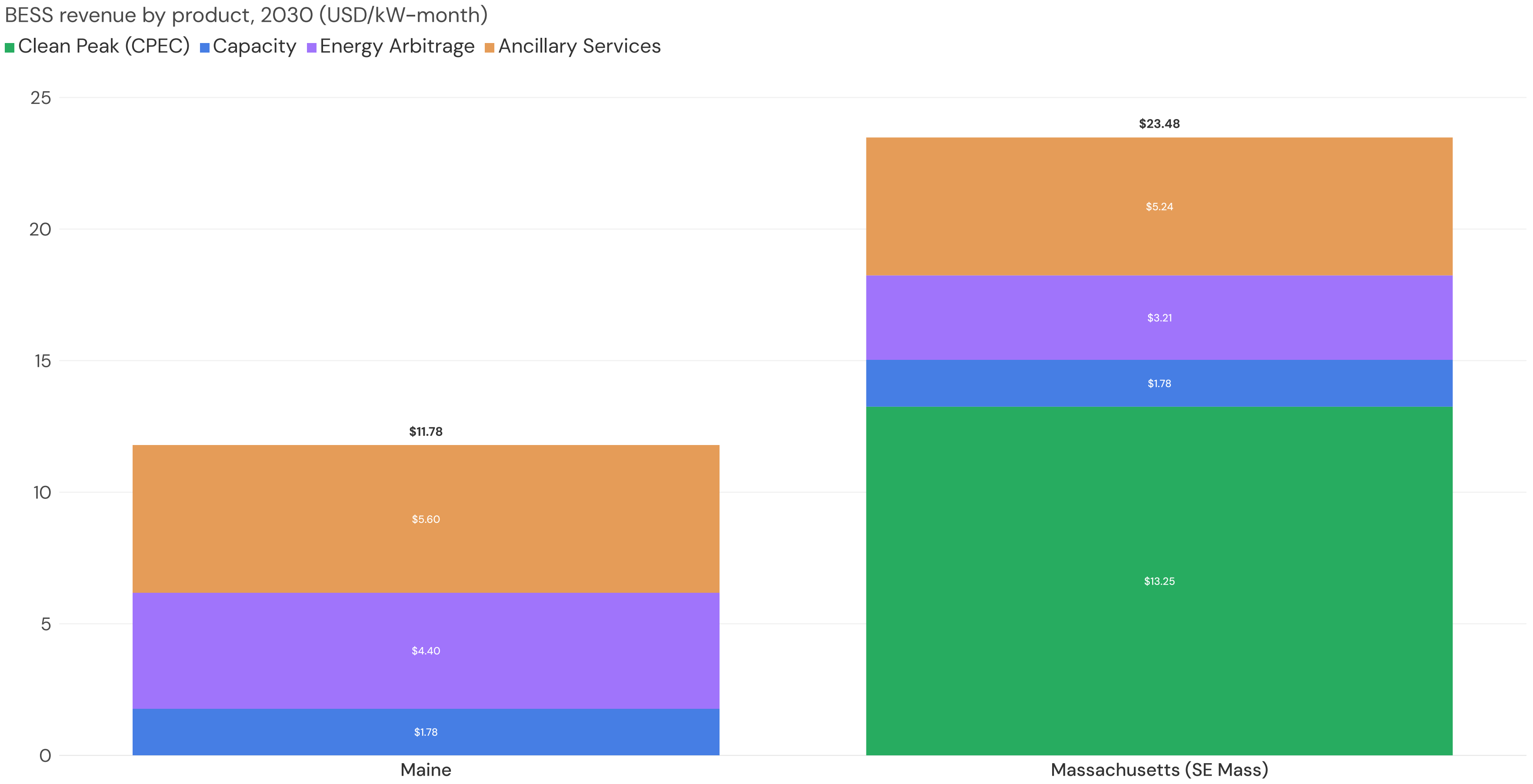

8) Upside and downside

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Indicative BESS revenue range by market (USD/kW-month, real 2025), 2027–2041 average

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