PJM, NEPool RECs Curves Refresh

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Rebalanced Ambitions for REC Markets

Noreva's Q4 2025 REC modeling captures a market moving from growth to governance, one where ambition gives way to realism and scarcity yields to structure.

Across PJM, NEPOOL, and California, the latest refresh shows tighter fundamentals, smoother long-run equilibria, and a clear signal that environmental markets are entering a more disciplined phase.

After years of exuberant renewable buildout forecasts, the data now tells a more grounded story shaped by permitting complexity, capital discipline, and the return of coordinated resource planning.

Noreva's cross-commodity modeling captures this shift from momentum to management.

The New Shape of Equilibrium

The One Big Beautiful Bill Act (O3BA) continues to cast a long shadow on renewable deployment. Rising project costs, slower permitting, and constrained interconnection pipelines have delayed capacity additions, tightening near-term certificate supply even as long-term fundamentals begin to balance out.

This transition has produced a market that is less about volatility and more about verification. Fewer speculative projects and more deliverable volumes now define the new normal. Noreva's merchant curves reflect this stabilization through flatter amplitude and steadier price trajectories, signaling maturity rather than weakness.

PJM: Compression with Conviction

In PJM, updated modeling highlights diverging trends across the footprint. Virginia's data-center corridor remains the engine of near-term load growth, with incremental spillover into neighboring Maryland zones. Pennsylvania, by contrast, anchors the system through its scale, with large, diversified load pockets such as PPL, PENELEC, and APS continuing to set the tone for regional equilibrium.

On the supply side, realism prevails. Offshore wind remains sidelined amid PPA and permitting uncertainty, while novel technologies in Virginia provide modest near-term relief. Solar momentum continues, particularly across Dominion and AEP zones, though the O3BA framework introduces modest delays in project realization.

The result is a market finding its balance after recalibrating to new conditions. Across major Tier I markets, prices now peak in the early 2030s before easing as renewable buildout catches up with compliance demand. Virginia maintains its in-state premium due to sourcing constraints, while Pennsylvania's depth of supply helps absorb volatility and anchor long-run stability. The broader region reflects a shift toward equilibrium, a market that is steadier and increasingly defined by structure rather than scarcity.

NEPOOL: Policy Fatigue Meets Gradual Balance

New England's REC outlook is increasingly governed by policy fatigue and affordability pressure. Following Connecticut's RPS freeze, Noreva's low-case scenario assumes flat targets across Massachusetts, Maine, and Connecticut, reflecting a broader shift toward policy caution.

Offshore wind remains largely excluded from our assumptions due to ongoing permitting and cost uncertainty, with the exception of Vineyard Wind, which provides modest relief at the front of the curve. Incremental imports and stronger build rates across major Class I markets post O3BA permitting complexities ease compliance pressure, resulting in softer base-case trajectories through the 2030s. The high case,

however, remains firm as stronger policy enforcement and slower renewable build sustain tighter balances, while the low case, which assumes flat RPS targets, shows more pronounced price declines.

The result is a region moving from scarcity to balance. Easing fundamentals now define the base and low cases, while the high case remains shaped by policy ambition and persistent supply friction.

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