RMI

ELECTRICITY AFFORDABILITY TOOLKIT

Permitting Reform

COST CONTROL

AT A GLANCE

TARGET COST DRIVERS

The policy can help to ease customer cost pressures created by these drivers

- **Aging grid infrastructure**
- **Load growth**

IMPACT TIME HORIZON

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How long it typically takes before changes materialize in utility behavior or customer bills

●●● **Long-term (5+ years)**

POTENTIAL COST SAVINGS

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The level of cost savings that can reasonably be expected to result from this policy

●○○ **Low**

CONTEXT AND BACKGROUND

As electricity demand rises and affordability pressures increase, getting more generation online has become increasingly critical to maintaining affordable and reliable electricity. Permitting is a critical step for all energy infrastructure projects in the United States, and the efficiency of the permitting process directly shapes project costs and timelines.

Energy developers must navigate fragmented and overlapping authority and regulatory requirements across federal, state, and local levels, leading to compounding delays, uncertainty, and costs.

Although permitting reforms can occur across all these levels of government, state-level actions have an important role to play. On their own, state-level reforms may not deliver large or immediate bill savings, but they can be a powerful tool to support electricity affordability when paired with other complementary reforms. Building things faster can also improve grid reliability, resilience, economic growth, and energy security.

Widespread delays and cancellations of new electricity projects can have both direct and indirect impacts on electricity prices that vary depending on market structure and other factors. Direct permitting costs (e.g., application fees and legal fees) cost about $5–$14 billion per year in the United States, and permitting delays of 6–18 months can add $200,000 in expenses per megawatt for certain energy projects. While these costs are material at the project level, their impact on customer bills can be indirect and depends on market structure.

Permitting costs are passed onto ratepayers in

regulated markets but not in restructured markets; in constrained electricity markets, permitting challenges can contribute to tighter supply and upward pressure on electricity prices. The table at right illustrates how the direct bill impacts from project cancellations and delays — some of which permitting reform may address — vary by market type.

	Restructured markets ~2/3 of US electricity demand	**Regulated markets ~1/3 of US electricity demand**
How projects sell power	Independent power producer bids into power markets. Depending on the region, this may include a capacity market. Projects may also have a third-party power purchase agreement.	Projects are either built by the incumbent utility or have a power purchase agreement with the utility.
Cost driver	**Ratepayer impacts**	
Higher project costs	The capital expense of building a project does not impact power prices.	Higher cost of power purchase agreements is passed onto the ratepayer. This is a **direct passthrough** of costs.
Less capacity built	Fewer resource bidding into the market raises the overall power price. Less capacity can greatly impact capacity market prices if applicable.	Projects with a potentially lower cost of power are not built, and less capacity is online.

Permitting reform can improve affordability by streamlining processes, clarifying requirements, and strengthening coordination across agencies to increase certainty, reduce unnecessary delays, avoid cancellations, and lower development costs. A wide variety of state-level permitting reform strategies exist to address different challenges and meet state needs. These reforms generally fall into three categories: fix, streamline, and deregulate.

- **Fix** strategies clarify requirements and close gaps in existing processes by, for example, updating siting criteria or aligning agency standards.
- **Streamline** strategies improve efficiency by, for example, improving staff capacity at the lead permitting agency, strengthening interagency coordination, or creating consolidated review processes.
- **Deregulate** strategies remove or limit certain permitting requirements, where appropriate, to reduce administrative burden.

A variety of state-level reforms exemplify the varied approaches to permitting modernization. For example, in 2024, Colorado passed Senate Bill 212 to improve the siting and permitting process for large-scale clean energy infrastructure, accelerating project development and supporting a more affordable electricity system. The bill enacts targeted reforms that strengthen state support for local governments and require state agencies to provide technical assistance, develop a model land use code, and support local and tribal review of project applications.

State-level permitting is one component of the broader, complex project development process. It is closely linked with local permitting, federal permitting, and grid interconnection processes, some of which may have a more significant influence on project timelines and viability depending on the context and location. As a result, reforms at the state level alone are unlikely to drive significant bill savings.

However, when coordinated with reforms across these other processes, state-level permitting changes can contribute to greater, system-wide impacts. Each of these related processes has its own distinct technical and policy challenges and is not addressed directly in this brief.

REAL-WORLD EXAMPLES

In 2025, over 90 permitting reform bills were introduced across 24 states, and an additional 20 permitting reform bills were enacted across 14 states.[1]

Colorado

In 2024, Colorado passed Senate Bill 212 to improve the siting and permitting process for large-scale renewable energy infrastructure by strengthening state support for local governments. The law requires agencies to provide technical assistance to local and tribal governments in developing land-use codes and reviewing project applications, and it creates and distributes model ordinances that support the development of renewable energy and transmission projects.

Illinois

In 2025, Illinois passed the Clean and Reliable Grid Affordability Act, an omnibus energy bill that included changes to existing siting and permitting processes to reduce uncertainty and delays. The law establishes a more uniform, statewide framework while preserving a role for local governments, requiring that any local siting processes occur first but that those processes adhere to state standards and cannot be made more restrictive. A key feature is an expedited dispute resolution process that empowers the Illinois Commerce Commission to override local government denials and issue certificates for projects if it determines that a denial of an application was not appropriate. The law also includes provisions that prevent unnecessary delays such as timelines for public hearings and decisions, limits on permitting fees and certain local requirements, and an expedited process for dismissing frivolous legal challenges. All of these reforms aim to balance state regulation, local government control, and improved consistency and predictability in the project development process.

New York

Originally established in 2020 under the Accelerated Renewable Energy Growth and Community Benefit Act, the New York Office of Renewable Energy Siting and Electric Transmission (ORES) was reauthorized in 2024 through the Renewable Action Project Interconnection and Deployment (RAPID) Act. ORES serves as a "one-stop shop" to streamline permitting for renewable energy projects 25 megawatts or larger and transmission projects over 10 miles in length. The RAPID Act also establishes clear timelines, including a 60-day period to determine application completeness and a requirement for a final siting decision within one year of a complete application (or six months for projects on priority locations like brownfields, former commercial sites, former industrial sites, former power plant locations, and abandoned or underutilized sites).

Texas

In 2023, Texas passed House Bill 5066, directing the Public Utility Commission of Texas (PUCT) and Electric Reliability Council of Texas to plan system-wide transmission solutions and to address rapid electricity load growth, particularly in the technology industry. The law requires the PUCT to approve or deny transmission applications no later than 180 days after the application is filed, accelerating the permitting process. The law also requires regulators to consider anticipated and future electricity demand, including load that has not yet been interconnected, when evaluating the need for new transmission projects.

Virginia

In 2024, Virginia passed House Bill 650, requiring that key local permits for solar and energy storage projects remain valid for at least three years. The law also protects projects from later changes to local plans or policies while the permit remains valid, limiting delays and making it easier for projects to secure financing that could be jeopardized by shifting policies. In parallel, Virginia's two most recent governors (one Republican and one Democrat) have advanced landmark reforms in permitting transparency, initially without legislation. These efforts include the Virginia Permit Transparency platform, which is used by ten state agencies to manage over 200 types of permits, enabling process improvements that have demonstrably reduced permitting timelines and associated costs (e.g., a 65% reduction in processing times for the state Department of Environmental Quality).

Source: aeltracker.org using a filter for "Permitting," "Permit," "Introduced," and "Enacted" bills in 2025. The tracker identified 23 enacted bills and 115 introduced bills; manual review then excluded 3 of the 23 enacted and 23 of the 115 introduced bills that were not directly related to energy generation or transmission.

LEGISLATIVE DESIGN AND IMPLEMENTATION CONSIDERATIONS

Legislative approaches will differ state-to-state but can include the following actions and parameters in advancing permitting reform:

Support for local governments

If local permitting challenges are the main cause of project delays and cancellations, as is often the case, states can provide targeted resources to counties and other local government entities where capacity, staffing, and technical knowledge are often limiting factors. These additional resources can improve permitting efficiency and accelerate timelines.

Standardized requirements

Developing standardized permitting pathways for common project types (e.g., permit-by-rule or general permits) can reduce administrative burdens and review timelines for both agencies and developers.

Process clarity

Requiring agencies to clearly define application requirements and review steps up-front can lower compliance costs and reduce long timelines stemming from back-and-forth during the review process.

Regulatory certainty

Setting parameters to prevent new legislation or regulatory requirements from affecting existing permits can increase regulatory certainty and avoid the delays and costs associated with re-permitting. This can be achieved, for example, by establishing a defined permit validity period.

Energy zones

States can work with communities and/or other state agencies, such as wildlife and agriculture, to identify zones where energy development is preferred or more appropriate, which can provide greater clarity to developers, agencies, and residents early in the permitting process. Zone designation may be paired with streamlined permitting pathways.

Community benefits

States can consider policies that provide benefits to communities that host infrastructure, which may improve local support and reduce conflict.

The table below provides examples of how authority and responsibility for permitting may be distributed across key entities.

VENUE	POTENTIAL ROLES
Legislature	• Establish timelines and permitting requirements • Define state agency authority and jurisdiction • Develop streamlined permitting tools (e.g., permit-by-rule) • Provide funding and resources to local governments
Regulator	• Implement and enforce permitting timelines and requirements • Develop details of a standardized application process • Coordinate cross-agency permit review
Administration	• Issue permits through state environmental agencies and/or permitting office(s) • Support strong interagency coordination • Support agencies and legislature in designing and advancing reforms • Track and monitor permitting metrics
Federal Government	• Establish permitting statutes and environmental review requirements for federally regulated projects • Coordinate across federal agencies with jurisdiction (e.g., land, water, species impacts) • Provide funding, technical assistance, and guidance to states
Local Government	• Administer local land use, zoning, and siting processes • Conduct community engagement and public hearings • Coordinate with state agencies on permitting alignment and timelines

LEGISLATIVE DESIGN AND IMPLEMENTATION CONSIDERATIONS (CONTINUED)

Clear timelines and deadlines

Establishing enforceable timelines and deadlines for permit review and decisions can reduce prolonged delays and uncertainty. Including automatic approvals or penalties when agencies fail to act within a certain timeframe can further incentivize timely decisions. However, poorly designed timelines can create unintended consequences, such as incentivizing permit denials over approvals, imposing arbitrary deadlines that do not reflect project complexity, or straining under-resourced agencies. To mitigate these risks, timelines can be paired with adequate funding and staffing for responsible agencies, flexibility for complex projects, and clear standards that balance timeliness and high-quality decision-making.

Centralized, coordinated, or backstop authority

Consolidating or coordinating permitting authority across agencies can reduce fragmentation and streamline the approval process. Legislatures can also support stronger alignment across agencies involved in permitting decisions (e.g., energy-focused and wildlife-focused agencies) to reduce conflicting requirements.

Backstop authority, as established in Michigan's Public Act 233, can provide a viable pathway for generation projects when local regulations or opposition would otherwise limit development. Policymakers can balance state and local control by establishing clear thresholds for state intervention and preserving meaningful local input.

FURTHER READING

- "State Permitting Power Tool," RMI, 2026
- "Building Faster," RMI, 2025
- "No Time to Read 36 Resources on State Permitting Reform? We Built an Easy-to-Use Tool That Will Do It for You." RMI, 2026
- "Gap Analysis of Permitting Reforms in California, Illinois, New York, and Washington," Grid Strategies LLC, 2026
- "Renewable Energy Siting Policy Field Guide," Siting Solutions Project, 2025

IMPACT TIME HORIZON

Long-term (5+ years)

The time required to pass and enact permitting reform policy varies depending on the nature of the reform but typically takes less than five years; realization of bill savings is likely to take longer.

POTENTIAL COST SAVINGS

Low

State-level permitting reform on its own is unlikely to deliver significant cost savings. Permitting most often affects customer bills indirectly, and state processes represent just one of several constraints on electricity deployment. State-level reforms can serve as a powerful tool when launched as part of a more comprehensive strategy to address bottlenecks across the project deployment process that includes additional levers (e.g., interconnection reform).