GREASE Lightning

A playbook for investment-led, state-driven electro-industrial economies

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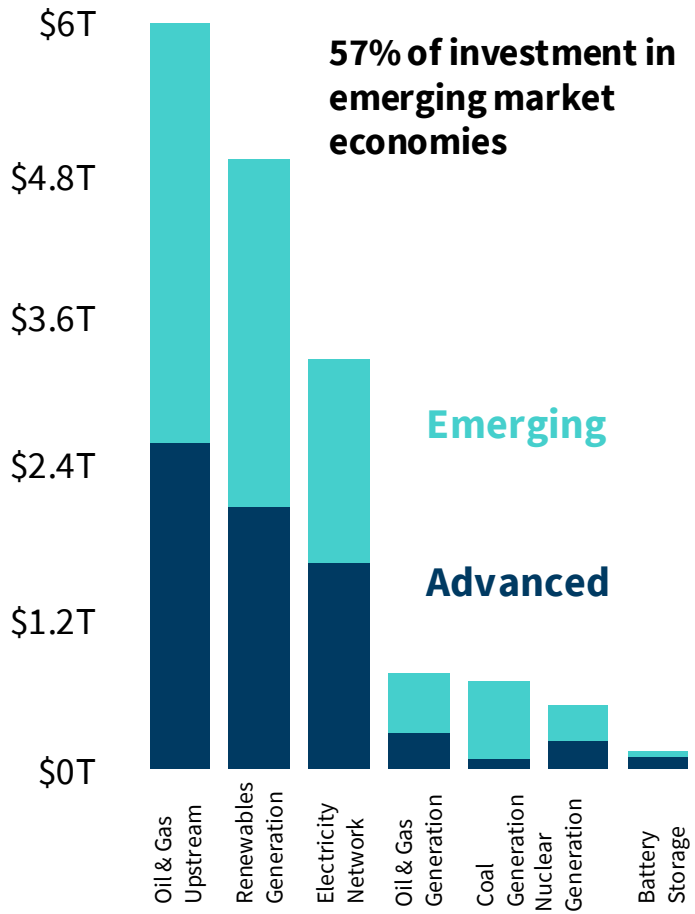
Record investment in energy markets driven by electrification

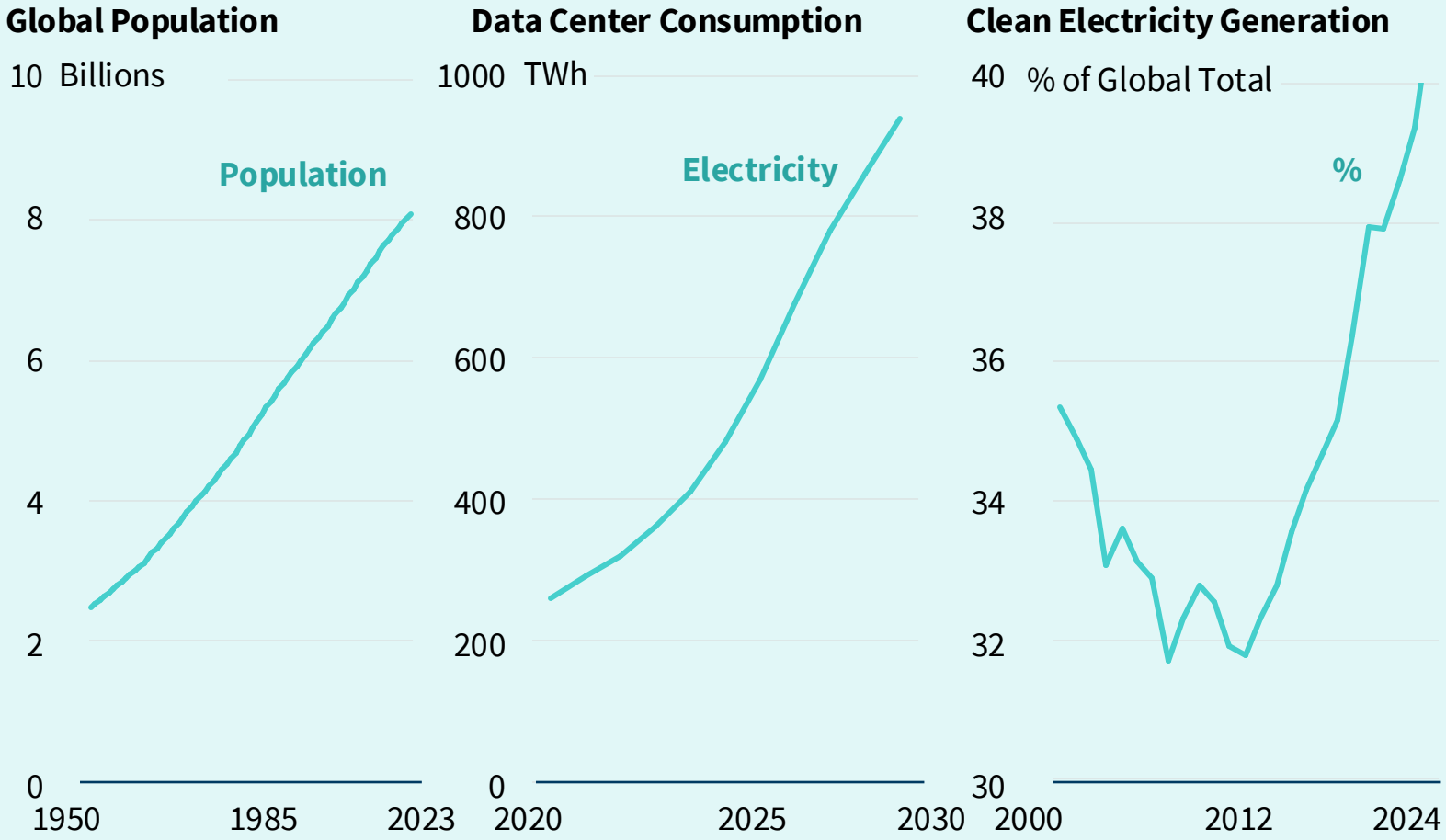
The "three Ds" are driving historic energy demand, particularly in clean electricity and emerging markets.

Cumulative Global Energy Investment



Note: Investment Since 2015

Driven by the Three Ds: Demographics, Digitalization, Decarbonization

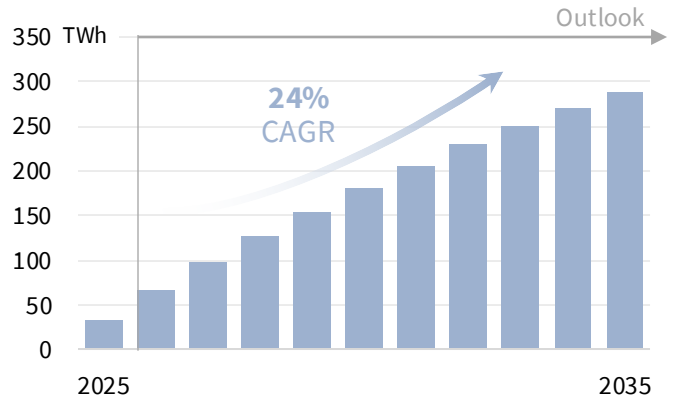


Source: *IEA World Investment Outlook 2025, Our World in Data, IEA, Ember*

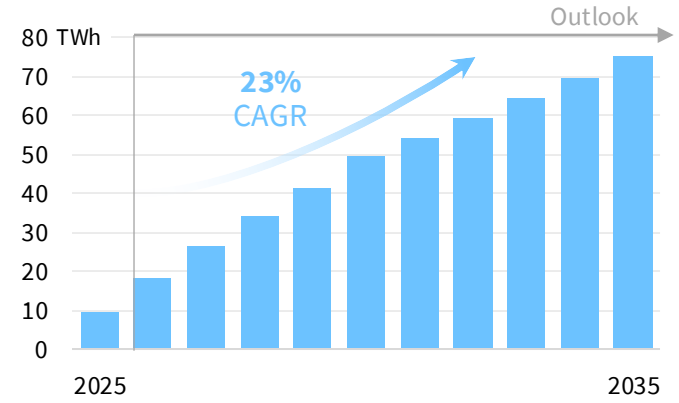
Electricity demand growth is especially high in the United States

Data center build for AI and electrification across the economy are driving this demand

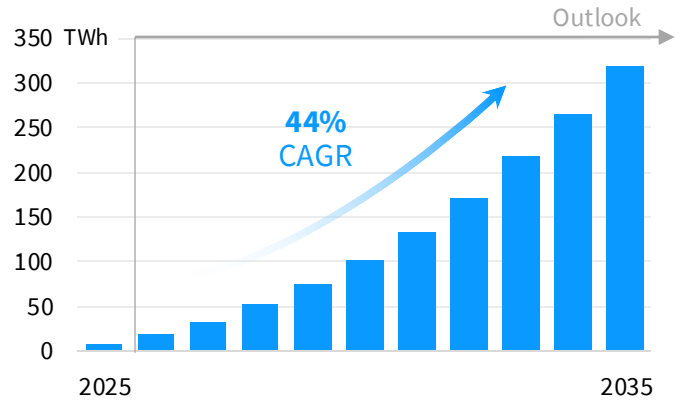
Data Centers



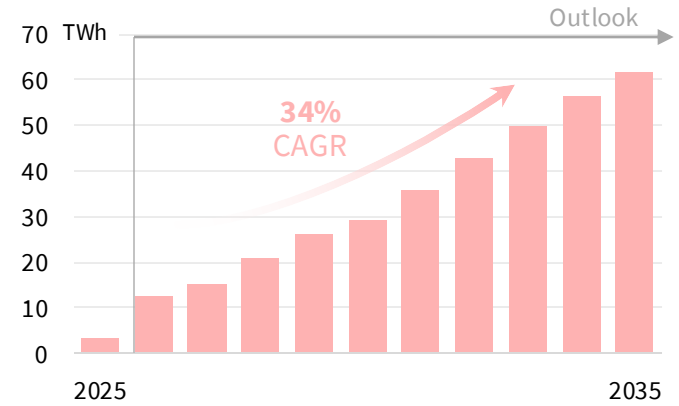
Heat Pumps



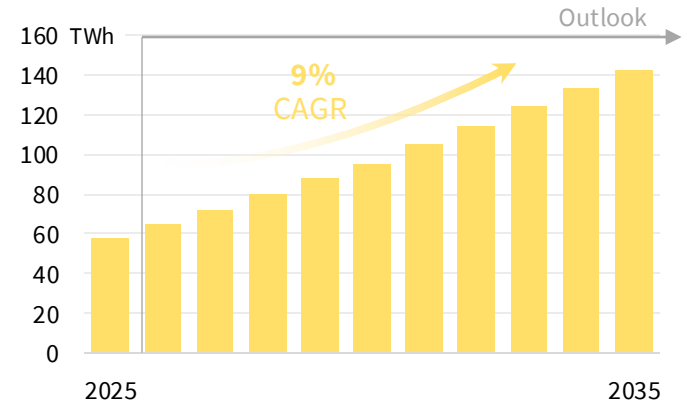
Electric Vehicles



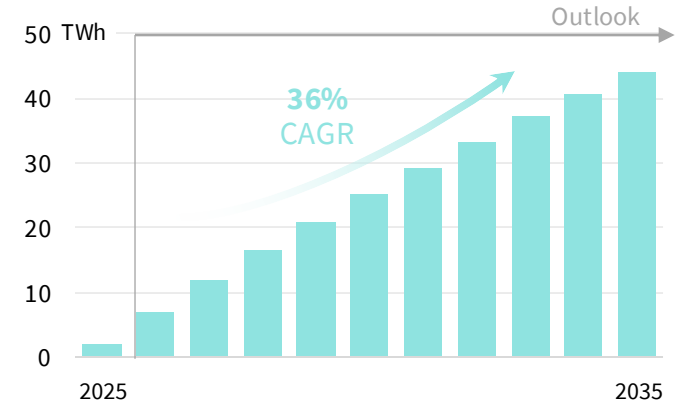
Industry



Other Building Appliances



Other Sectors



Source: BNEF

Three structural pivots are reshaping the map

Changes in technology, geography, and policy are ushering in the electro-industrial era

Three structural pivots

Technology

Electrified, digitally controlled systems are converging into a single electro-industrial stack that scales like manufacturing while improving like software.

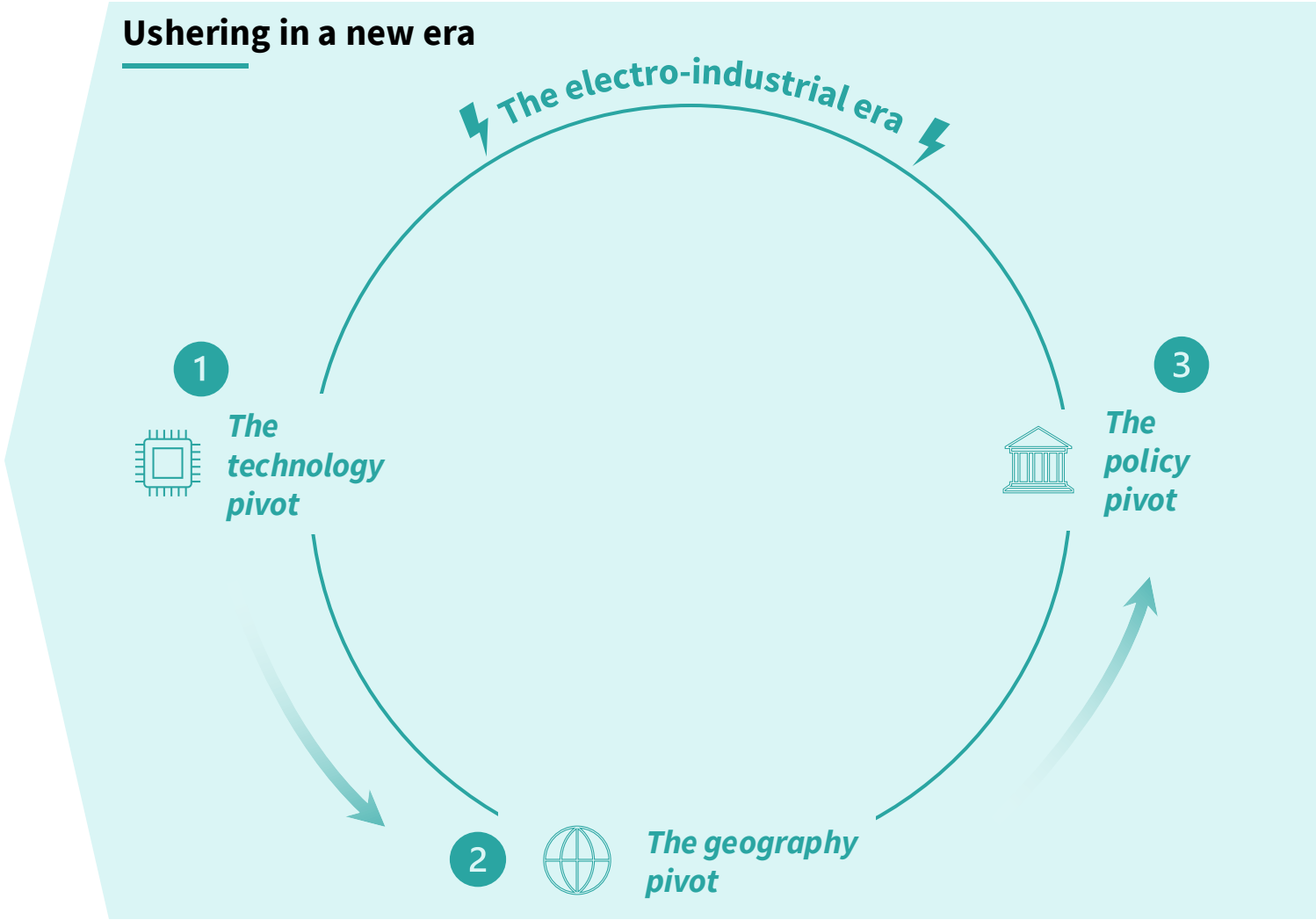
Geography

Investment is concentrating in regions where power, prepared sites, workforce, and policy align, enabling faster deployment and durable industrial clusters.

Policy

Industrial policy has returned as an active tool, with governments increasingly shaping markets to crowd in private capital and accelerate project delivery.

Ushering in a new era



Source: RMI Analysis

Technology is shifting to the electro-industrial stack

Three features define the electro-industrial stack

Efficiency

Machines avoid combustion losses and deliver precise, real-time control.

Thermal batteries: Converts low-cost electricity into long-duration, high-temperature heat with 90-99% efficiency.

Scalable Manufacturability

Components ride predictable experience curves (Wright's Law), so costs fall as production volumes rise.

Solar photovoltaic: Solar module prices dropped 90% between 2010-2020 while installed capacity rose by 1600% from 40 to 710 GW

Hardware as software

Once electrified, performance is increasingly software-defined and upgradable.

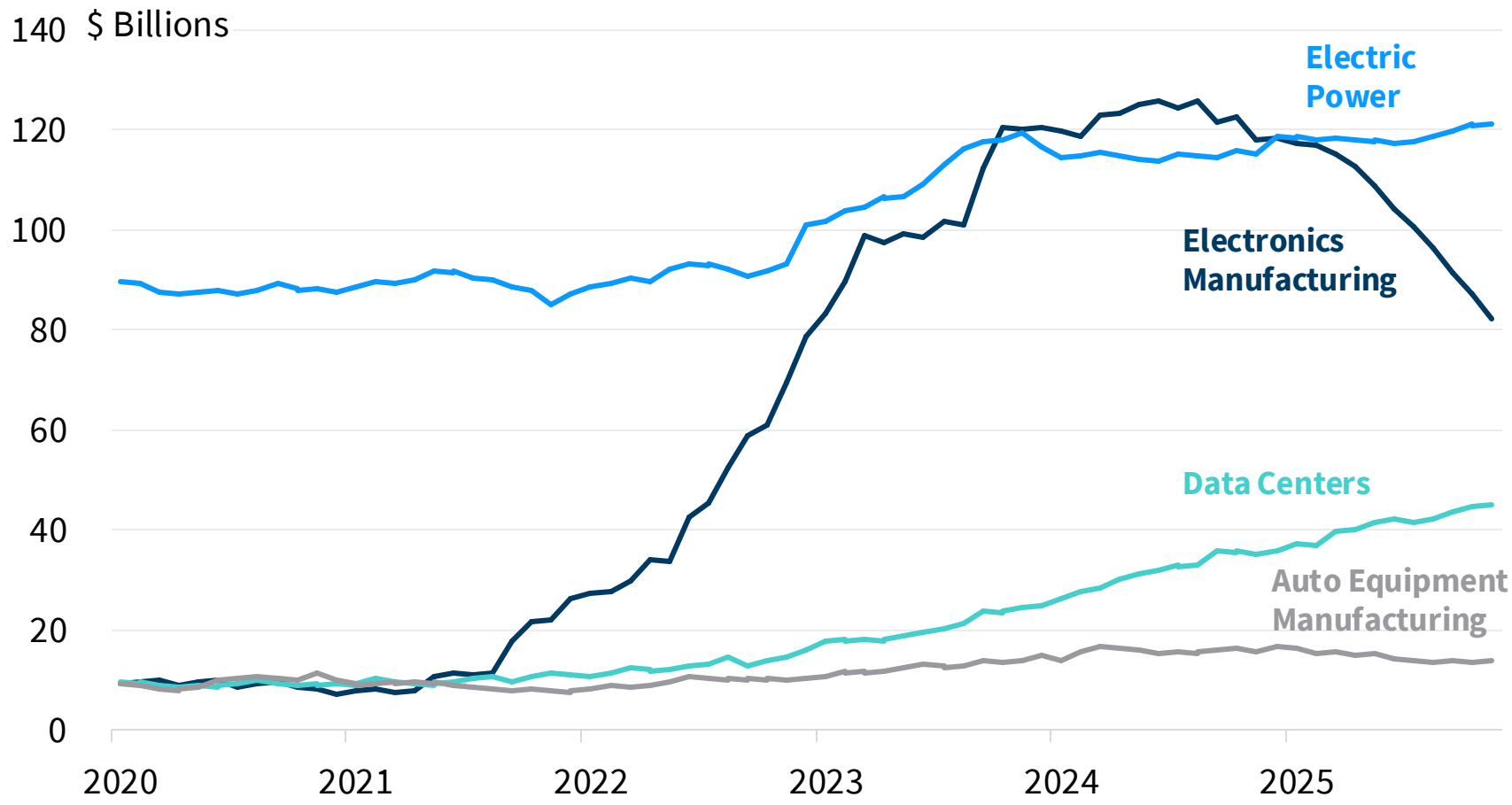
Heat pumps: In September 2025, Quilt announced that a single software/firmware update increased the heating and cooling performance of installed units by over 20%.

Source: Author Calculations

Investment is up in the electro-industrial stack

Some of the fastest growing construction has been in electro-industrial sectors

Electro-industrial stack construction spending



Spending Growth

Electric Power

1.3x

Growth from 2020 to 2025

Electronics Mfg

11.4x

Growth from 2020 to 2025

Data Centers

4.4x

Growth from 2020 to 2025

Auto Equipment Mfg

1.5x

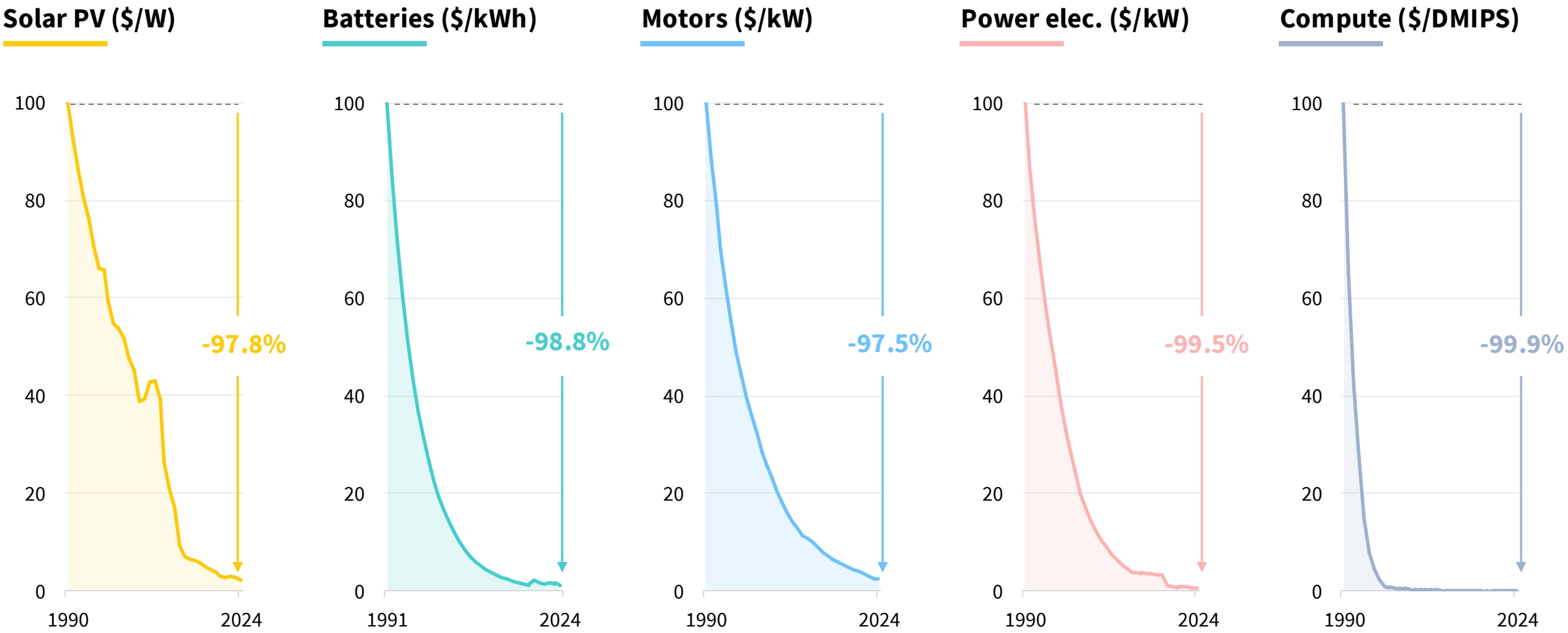
Growth from 2020 to 2025

RMI

Source: Census Bureau

Costs are declining exponentially in the electro-industrial stack

Costs have fallen by well over 90% for key electro-industrial technologies



Source: IEA.

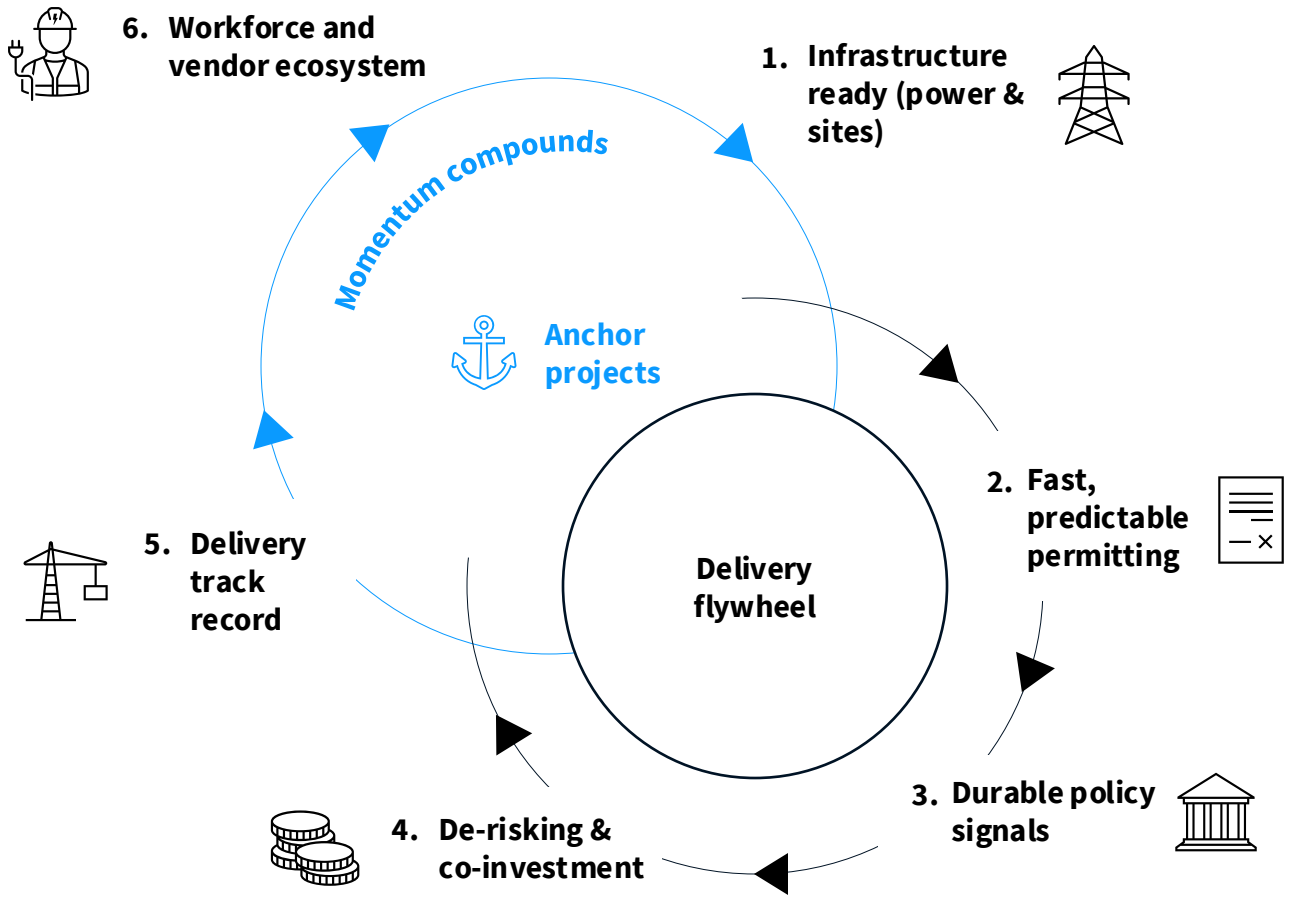
Why place matters: compounding advantages

Regions that can deliver projects fast track anchors

What creates delivery advantage

	Levers
Make it buildable	1 Physical infrastructure: power, interconnection, and site readiness
	2 Regulatory certainty: fast and predictable permitting
Make it bankable	1 Policy ambition: durable commitments (not one-offs)
	2 Economic capacity: de-risking tools and co-investment capacity
Make it repeatable	1 Technology deployment: delivery track record and ability to scale
	2 Cluster formation: workforce and vendor/services ecosystem

How clusters self-reinforce



This growth and investment is not spreading evenly, it finds the places with the right mix of a handful of ingredients

Readiness Map

AZ's readiness is boosted by high deployment scores across cleantech and semiconductors, as well as EV sales

VA's high data center investment and strong incentive programs are driving its high readiness score

TX earns a high readiness score due to its deployment and infrastructure scores: the state boasts the largest renewable capacity in the nation

Readiness Index

- Very low
- Low
- Medium
- High
- Very high

Key ingredients

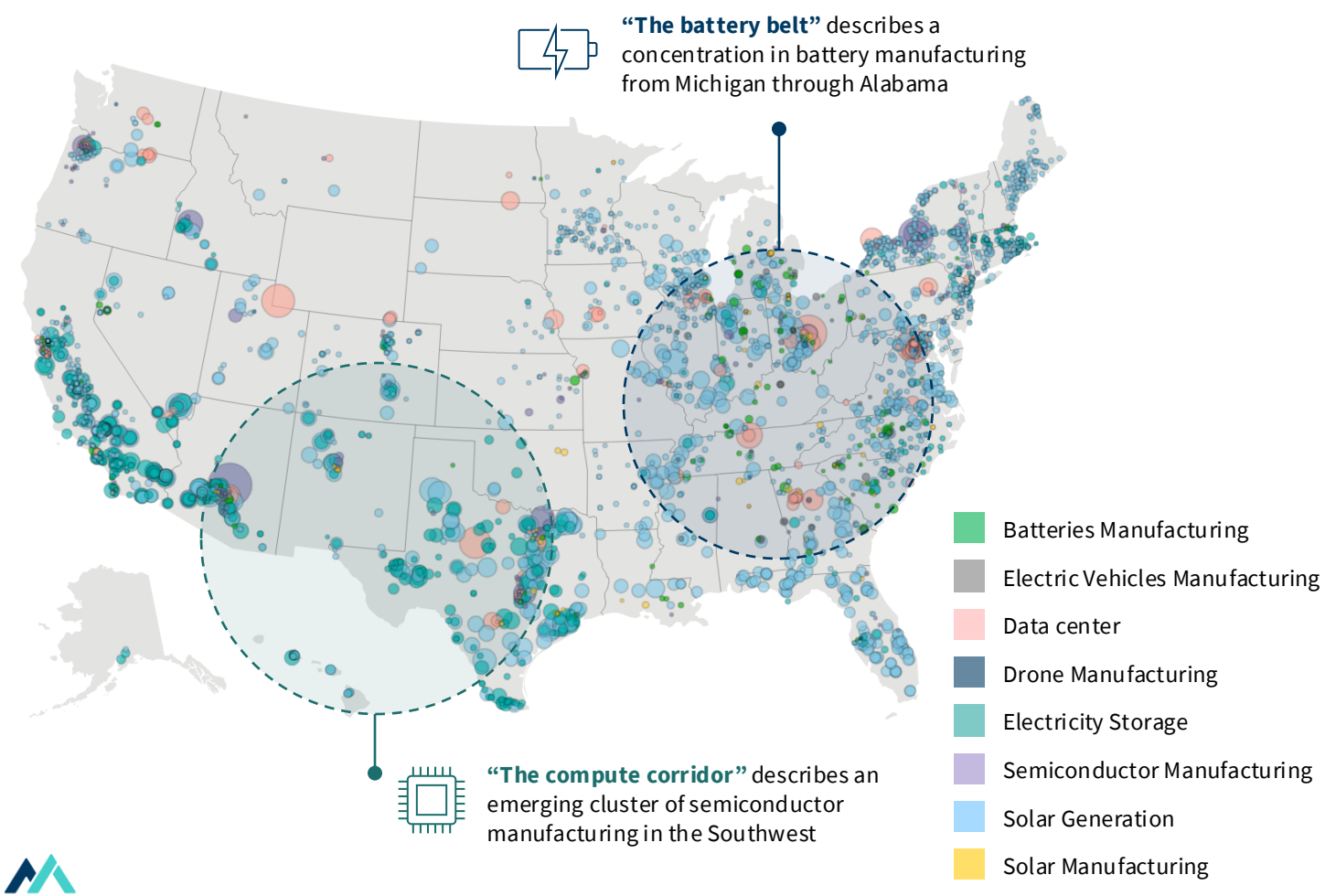
- *Policy ambition*
- *Regulatory certainty*
- *Economic capacity*
- *Physical infrastructure*
- *Technology deployment*
- *Cluster formation*

Optimal bundle

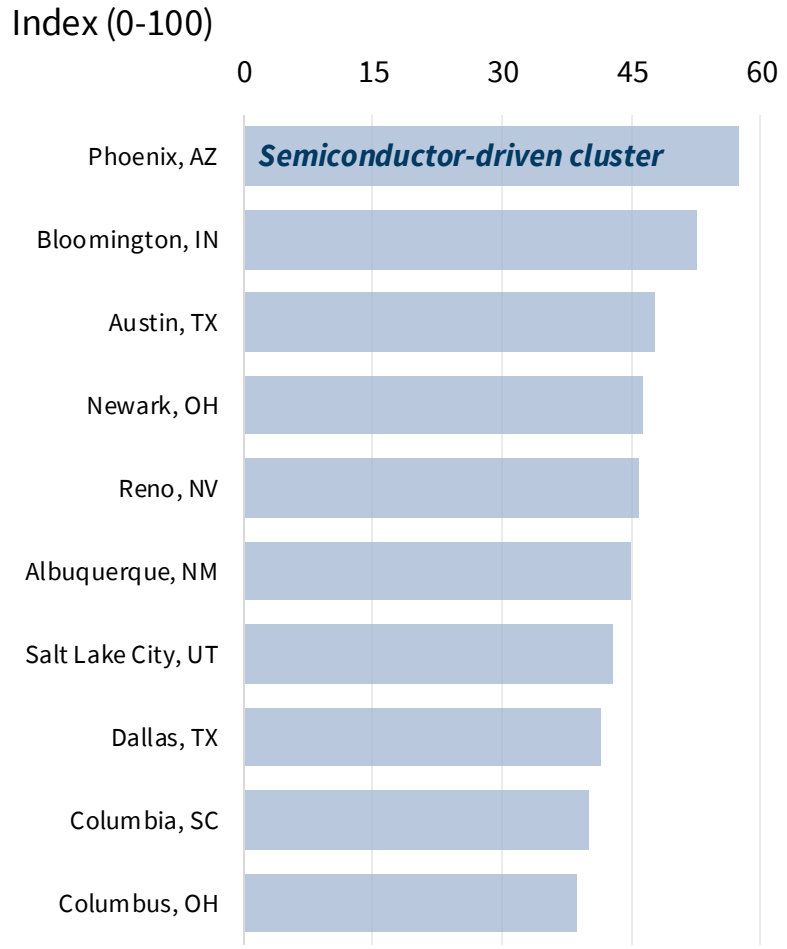
Source: RMI.

Deployment is highest in the places that align these elements and form clusters

US Electro-Industrial Deployment Since 2022



Leading Economic Areas by Deployment



Note: Index averages four normalized (0–100) components — clean grid buildout, data center load, manufacturing investment, and electric vehicle adoption. Component scores are averaged across the states in each cluster (Compute corridor: AZ, TX; Data center hub: VA; Battery belt: GA, NC, IL, OH) and then averaged across components to produce a single cluster score (0–100).

Policy pivot: industrial policy is back and shifting to states

Four high level rules to design best practice industrial policy for states

A Primer On Industrial Policy

4 rules for best practice industrial policy

1. Set direction

- Pick a few sector-specific build goals
- Track real milestones: interconnections, facilities, etc.
- Build evaluation from day one

2. Use the tools

- Pair supply-side support (grants, tax incentives) with demand
- Design so projects can raise finance and move quickly
- Use faster, outcome-based contracting when possible

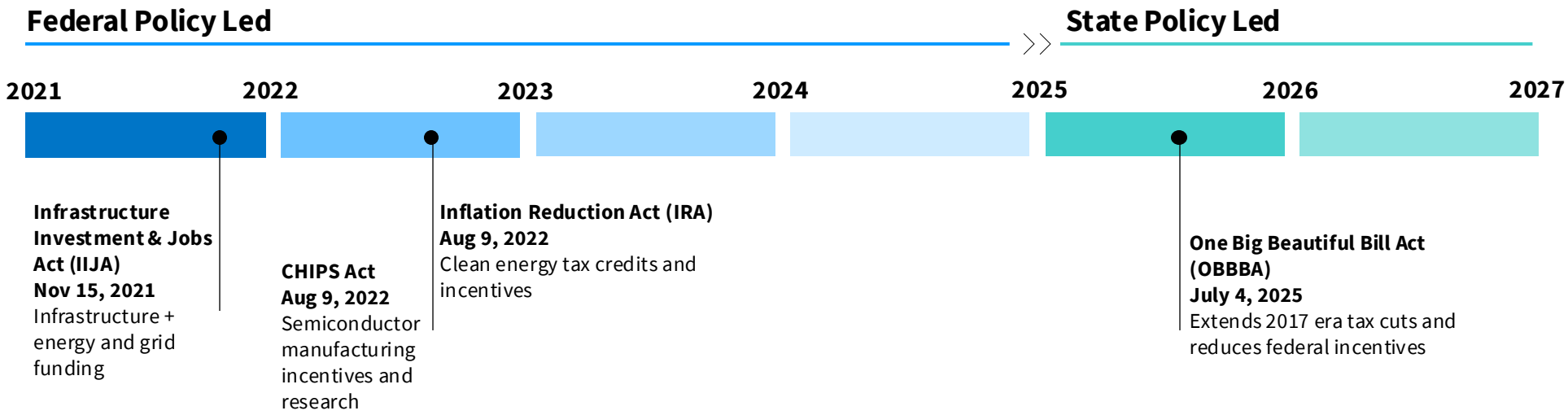
3. Build delivery

- Give a small team authority to say “yes” fast
- Create a single front door and publish simple rules
- Track monthly progress

4. Be place based

- Don’t try to manufacture clusters; reinforce strengths
- Convene and cofinance the missing pieces
- Use discretionary, outcome-linked deals

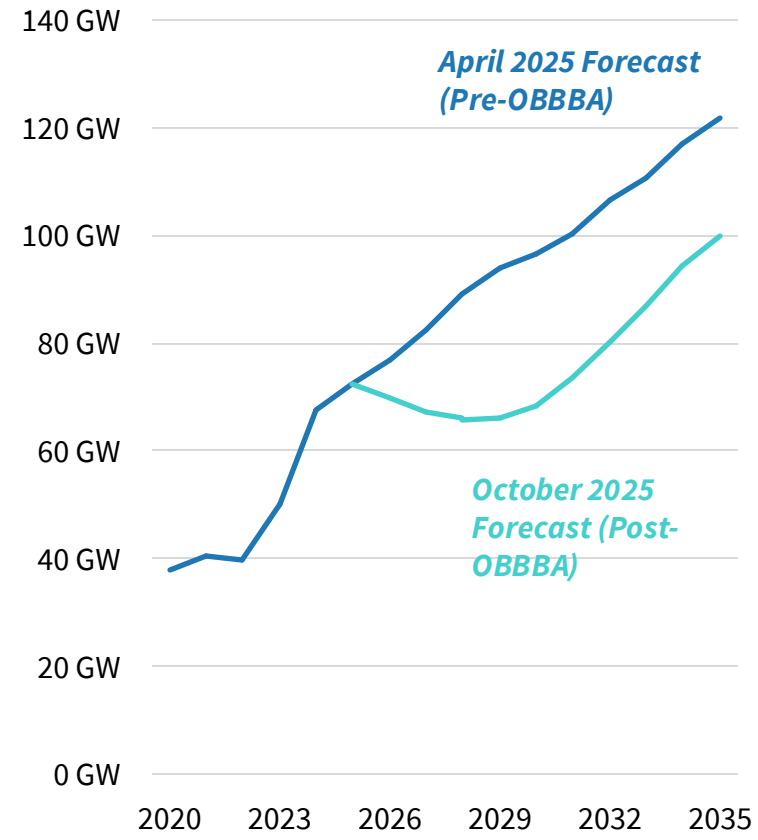
Evolution of industrial policy



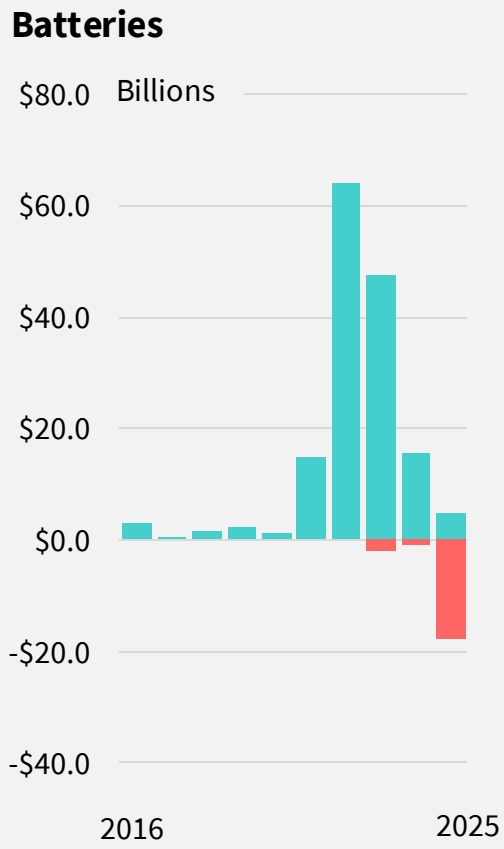
Industrial policy is being rolled back at the federal level

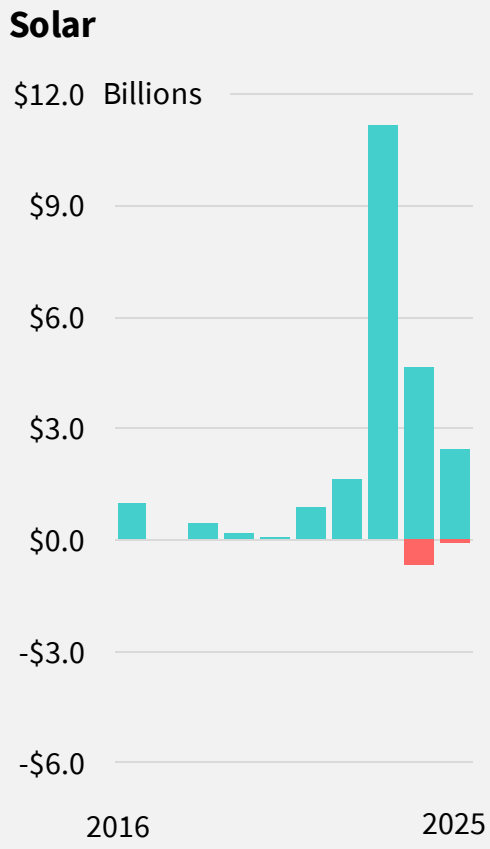
Recent shifts are downgrading clean deployment forecasts and contributing to manufacturing rollbacks

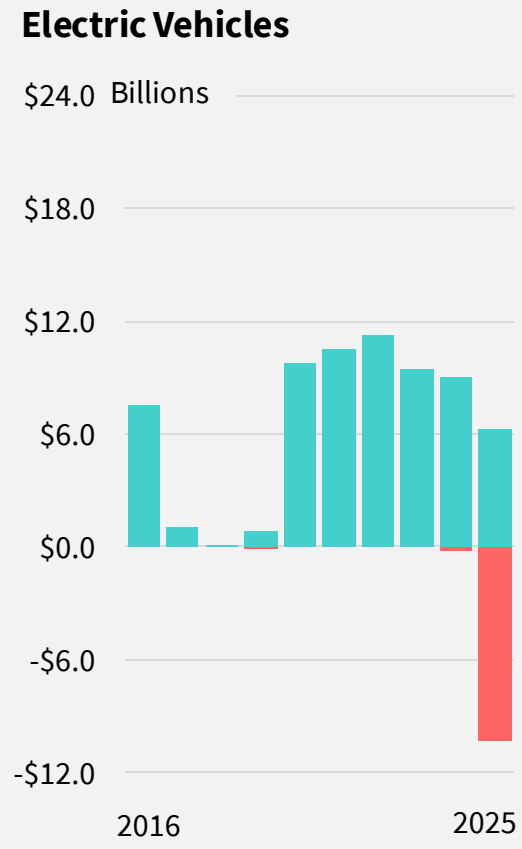
OBBBA passage has hurt clean deployment



And led to rollbacks in manufacturing investment







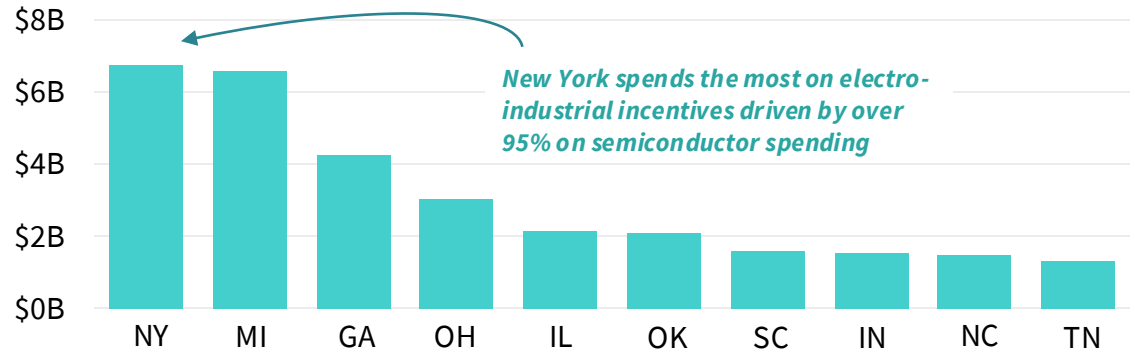
States play a key role in filling these federal policy retreats

Investment incentives are on this rise across the US

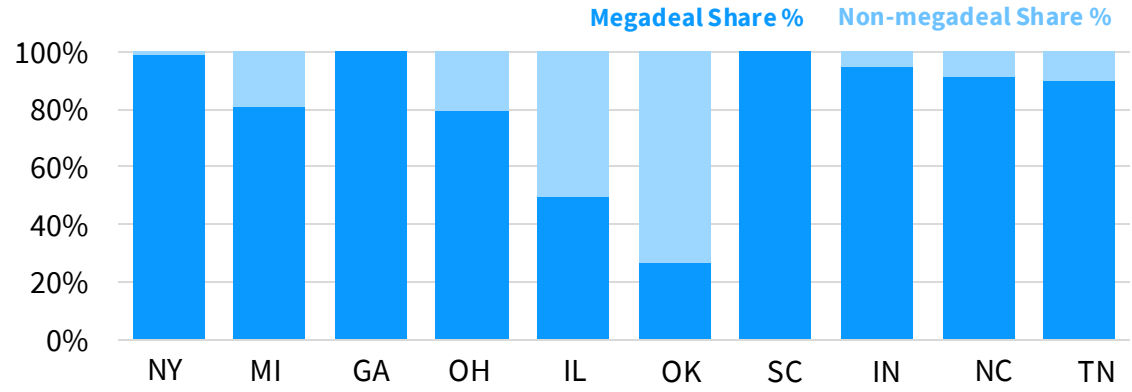
More states developing econ dev strategies

	Key States	Example
Semiconductors and power electronics	AZ, NY, OR, OH, NC, TX	AZ Commerce Authority Strategic Plan (2025-2029)
Batteries and battery materials	GA, NC, KY, SC, TN, MI	Team Kentucky EV/Battery strategy
Rare earth magnets and processing	OK, TX	OK Commerce + OCAST Science & Innovation Plan
Grid and transmission equipment	VA, PA, NC, AL	VA VEDP Strategic Plan + sites program
High efficiency motors and drives	TN, AR	TN ECD targeted industries
Solar and storage manufacturing	LA, TX, CA, WV, FL	LA LED Comprehensive Statewide Strategic Plan (2025)
Clean-firm power for generation	WY, TN, VA, UT, NV, CA, HI	WY Nuclear Energy Strategic Framework

States are spending billions on electro-industrial incentives



Most of these incentives are going towards megadeals



States can capitalize on these pivots by utilizing GREASE

The GREASE Framework creates a state operating guide and spells out principles for good policy design

RMI's Methodology for Assessing Policy Strength

Buckets		Description
G	Governance	Clear owner, clear budget. A named office or task-force has legal authority to run the program end-to-end.
R	Regional Targeting	Places that need it most. Incentives target distressed communities or strategic industry clusters
E	Environmental Impact	Climate results. The policy hard-codes measurable GHG-reduction or clean-energy deployment targets.
A	Accountability	Show your work. Outcomes (jobs created, $ spent) are tracked, published, and tied to milestone checks.
S	Sector Alignment	Fits the industry. Instrument explicitly favors the state's target industry and its supply-chain gaps.
E	Expanse	Big enough to matter. Magnitude of policy meets a material threshold or beats the peer-state median

Policy Evaluation

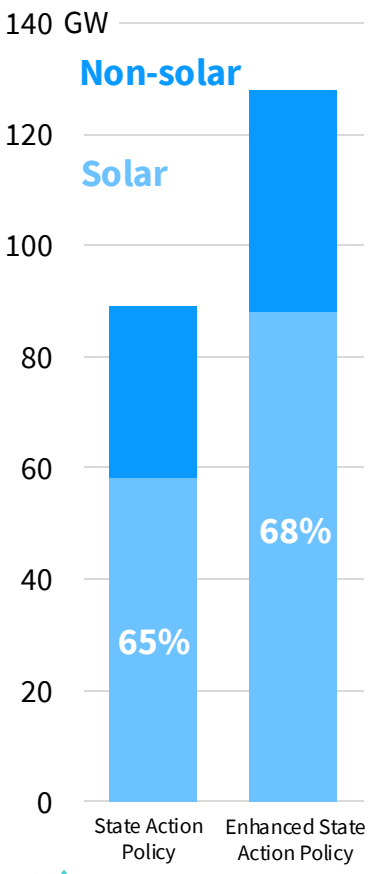
Scoring

GREASE can also be used to assess policy strength. Each policy can be scored based on each component in the GREASE framework. Policies that have all components in the GREASE framework are considered "strong" policies.

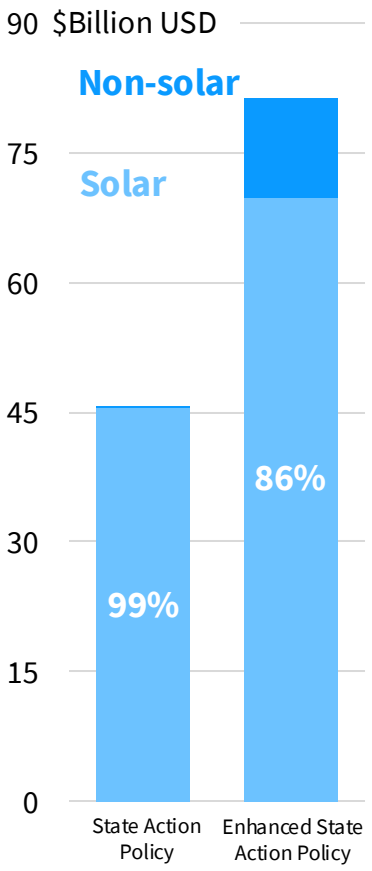
State policy drives grid and economic gains in the Southeast

Rhodium modeling results: more capacity, more investment, more jobs

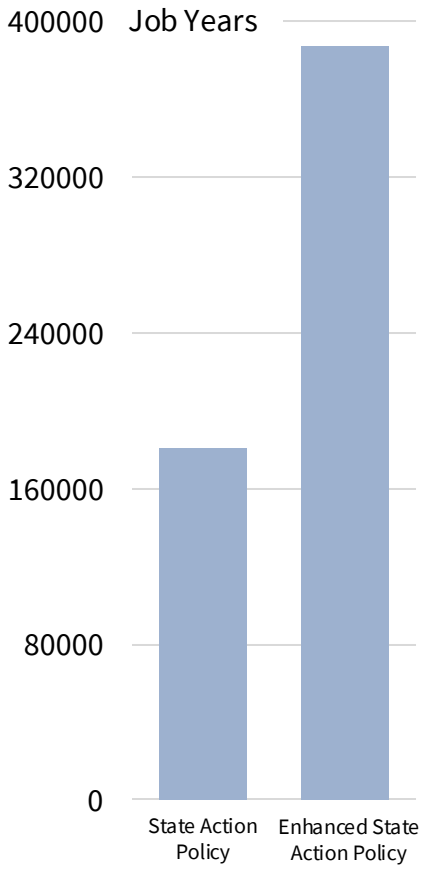
Capacity Additions



Private Investment



Jobs



Modeling policy scenarios

State Action Policy

Electricity supply
Clean electricity tax credit: 10% ITC or $10/MWh PTC

Manufacturing
Manufacturing production tax credit

Enhanced State Action Policy

Electricity supply
Clean electricity tax credit: 20% ITC or $20/MWh PTC; 10% domestic content bonus credit; 10% energy community bonus credit

Manufacturing
Manufacturing production tax credit

Manufacturing/supply
State revolving loan fund, tax credit transferability

Source: Lazard 2024; NREL; IEA EV TCO tool; RMI analysis

Places: transmission as industrial policy

Texas's Competitive Renewable Energy Zones (CREZ) builds the grid highway needed for large loads

GREASE Scoring Matrix

Scoring Key: High | Med | Low

Scoring level	Scoring Description
High	The policy strongly meets the GREASE criterion (well evidenced strength) and earns 1 point
Medium	The policy partially meets the criterion (some elements present) and earns 0.5 points
Low	The policy does not meaningfully meet the criterion (weak evidence) and earns 0 points.

Three scores

G-R-E-A-S-E

Governance	Regional targeting	Expansive ambition	Accountability	Sector strategies	Environmental co-benefits
• Clear PUCT-ERCOT roles	• Zone based routing to wind rich regions	• $7B buildout sized to roughly 18.5 GW deliverability		• Transmission strategy built to unlock renewables	• Large-scale renewables enabled; curtailment reduced
			• Biennial reporting on costs and reliability; limited KPIs		

Overall Score = **5.5/6 points**

People: building optimal workforce strategies

Georgia Quick Start delivers free workforce training by coordinating an EV ecosystem via partnerships

GREASE Scoring Matrix

Scoring Key: High | Med | Low

Three scores

Scoring level	Scoring Description	Governance	Regional targeting	Expansive ambition	Accountability	Sector strategies	Environmental co-benefits
		G-R-E-A-S-E					
High	The policy strongly meets the GREASE criterion (well evidenced strength) and earns 1 point	• Strong institutional capacity and interagency alignment	• Resources are deliberately steered to EV manufacturing corridors	• Sustained EV and battery focus with statewide reach	• Clear program metrics and deliverables tied to training outcomes	• Company specific training infrastructure	
Medium	The policy partially meets the criterion (some elements present) and earns 0.5 points						• Included but not embedded in training metrics
Low	The policy does not meaningfully meet the criterion (weak evidence) and earns 0 points.						

Overall Score = **5.5/6 points**

Capital: crowding in the private dollars to make an impact

Alabama Energy Infrastructure Bank deploys public capital to accelerate energy infrastructure

GREASE Scoring Matrix

Scoring Key: High | Med | Low

Three scores

Scoring level	Scoring Description	Governance	Regional targeting	Expansive ambition	Accountability	Sector strategies	Environmental co-benefits
		G-R-E-A-S-E					
High	The policy strongly meets the GREASE criterion (well evidenced strength) and earns 1 point	• Clear statutory owner and financing authorities	• > 40% annual capacity reserved for rural projects	• Up to $1B bond authority; long-lead procurement		• Purpose-build for site power and industrial recruitment	
Medium	The policy partially meets the criterion (some elements present) and earns 0.5 points				• Annual reporting and progress reports; limited public KPIs		
Low	The policy does not meaningfully meet the criterion (weak evidence) and earns 0 points.						• No climate/clean-energy targets as a condition

Overall Score = **4.5/6 points**

Markets: ensuring stable demand and accessing new offtake

Virginia's VALET Program helps export-ready firms grow international sales through an accelerator

GREASE Scoring Matrix

Scoring Key — High | Med | Low

Three scores

Scoring level	Scoring Description
High	The policy strongly meets the GREASE criterion (well evidenced strength) and earns 1 point
Medium	The policy partially meets the criterion (some elements present) and earns 0.5 points
Low	The policy does not meaningfully meet the criterion (weak evidence) and earns 0 points.

G-R-E-A-S-E

Governance	Regional targeting	Expansive ambition	Accountability	Sector strategies	Environmental co-benefits
• Defined program management and partner delivery model					
		• Long running program with meaningful support but limited size	• Sales goals tracked, but self-reported outcomes limit rigor		
	• Firm-based, not place-based or corridor specific			• Supports exporters across sectors rather than specifics	• Climate outcomes in trade expansion not explicit

Overall Score = **2.0/6 points**

About RMI

Rocky Mountain Institute (RMI) is an independent, nonpartisan nonprofit founded in 1982 that transforms global energy systems through market-driven solutions to secure a prosperous, resilient, clean energy future for all. In collaboration with businesses, policymakers, funders, communities, and other partners, RMI drives investment to scale clean energy solutions, reduce energy waste, and boost access to affordable clean energy in ways that enhance security, strengthen the economy, and improve people's livelihoods. RMI is active in over 50 countries.

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RMI