

Dear PJM Board,

As the Executive Director of the New Jersey Board of Public Utilities, I write to express Board Staffs' views on the Large Load Additions (LLA) Critical Issue Fast Path (CIFP) proposals. Board Staff appreciates the opportunity to comment and expect these issues will remain pertinent in coming years.

Board Staff supports proposals that expedite new generation and enhance demand response (DR) for large loads. Board Staff hopes these proposals, if adopted, will help interconnect new data center load efficiently and reliably. However, many of these proposals rely on the voluntary participation of LLAs. Board Staff is concerned that a voluntary approach will not sufficiently protect existing ratepayers from the reliability and cost pressures caused by the rapid influx of LLAs.

It is evident that the rapid influx of LLAs is straining ratepayer affordability and will stress reliability. PJM's Independent Market Monitor (IMM) found that data centers added \$7.27 billion in supply costs in the 2026/2027 RPM Base Residual Auction—an 82% increase compared to costs had the load forecast excluded data centers.¹ In New Jersey, residential customers have seen electricity prices rise roughly 22% since 2024, due largely to increased supply costs.² The issue will not be transient: PJM's 2025 load forecast attributes 30 of 32 GW of expected load growth through 2030 to LLAs. PJM estimates the grid could face a 24 GW capacity shortfall by 2030.³ Ratepayers cannot and should not continue to shoulder costs and risks directly resulting from large load interconnections.

Board Staff urges PJM to respond aggressively to this moment. PJM should adopt a proposal establishing non-firm service for LLAs—or a matching amount of load—unless LLAs or relevant stakeholders offset these load contributions. By selecting a mandatory, rather than voluntary, mechanism to mitigate the worst effects of rapid LLA growth, ratepayer costs can be contained and reliability maintained during this time of unprecedented load growth.

Mandatory Accounting for LLAs:

The importance of flexibility in operations has never been greater. PJM faces a period defined by constrained capacity and uncertain load forecasts, and PJM will likely ultimately be required to enforce emergency curtailment directives. To confront this challenge, several CIFP proposals have included mandatory load flexibility and accounting requirements. The concept is not new and would not be unique to PJM: Texas SB6, for instance, requires mandatory load flexibility for LLAs in ERCOT.⁴ While these options, presented by the IMM, Abe Silverman and Sue Glatz, the Natural

¹ Monitoring Analytics, *Analysis of the 2026/2027 RPM Base Residual Auction Part A* (Oct. 1, 2025).

² Energy Information Agency, available at https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

³ PJM, *PJM Long-Term Load Forecast Report* (Jan. 24, 2025); PJM, *Scenario Analysis Supporting Large Load CIFP Problem Statement* (Sept. 15, 2025), available at <https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20250915/20250915-item-05---cifp-scenario-analysis---presentation.pdf>

⁴ Available at, legiscan.com/TX/text/SB6/id/3248460.

Resources Defense Council (NRDC), and others, have differences, they all include noteworthy concepts that protect existing customers from LLAs.

Mandatory load flexibility and accounting mechanisms protect consumers by managing the amount of load required in the capacity auctions. The IMM proposal fully insulates existing customers from increased supply costs and reliability concerns by requiring all LLA load to be paired with new generation. There are also less-absolute approaches that would protect ratepayers: Abe Silverman and Sue Glatz propose that the curtailable LLA quantity aligns with the amount needed to reach point B on the VRR curve, better aligning LLA participation with reliability objectives.⁵

Of course, PJM actions are bound by the jurisdiction requirements of the Federal Power Act (FPA). NRDC's proposal recognizes this by assigning states and their locational delivery areas (LDAs) responsibility for serving load. PJM directs load shedding at the wholesale level, while LDAs and states manage it at the retail level. Under the NRDC proposal, LDAs receive firm service for all load except LLAs; LLAs that fail to bring capacity are removed from the capacity auction, protecting ratepayer costs. States may refuse interconnection, apply priority curtailment, or choose another path. Board Staff believes this approach falls directly within PJM and FERC authority. The Department of Energy's (DOE) recent letter to FERC supports this position, emphasizing FERC's jurisdiction to standardize large load interconnection procedures.⁶ PJM thus retains authority to act at the wholesale level to maintain reliability, while states and electric distribution companies (EDCs) retain authority over retail service—consistent with the FPA and FERC's recent Tri-State decision clarifying the limits of federal jurisdiction.⁷

The benefits of a mandatory load accounting mechanisms are apparent. Existing customers should not bear an outage risk where the industry knows the new LLAs cannot be integrated reliably, nor should they be asked to pay billions of dollars every year for LLAs that may not come and have the capital to independently assess the value of reliable generation. Even a small fraction of flexibility from LLAs can have enormous benefits to the grid, reducing both the infrastructure build-out required and the capacity needed to power customers.⁸ Board Staff urges PJM to adopt a mandatory load flexibility and accounting mechanism for LLAs, consistent with aspects from the above-mentioned proposals that lower prices for consumers and protect reliability. Board Staff prefers the NRDC proposal, but any of these approaches will help protect reliability and affordability.

⁵ Abe and Sue also propose that the LLA pay for half of their capacity obligations as load. Board Staff finds this approach appropriate. The benefits from being provided with electricity from the grid cannot be distinguished from the benefits that the capacity market provides, and therefore, we believe that under such proposal, large loads must be responsible for a portion of their capacity prices.

⁶ U.S. Department of Energy, *Secretary of Energy, Direction That the Federal Energy Regulatory Commission Initiate Rulemaking Procedures and Proposal Regarding the Interconnection of Large Loads, Letter Pursuant to Section 403 of the Department of Energy Organization Act* (Oct. 23, 2025).

⁷ Federal Energy Regulatory Commission, *Tri-State Generation & Transmission Association, Inc.*, 193 FERC ¶ 61,070 (Oct. 27, 2025).

Encouraging New Resources:

Board Staff supports the many proposals that encourage the development of new generation resources and expand DR options. While these voluntary proposals do not go far enough to ensure reliability and affordability for existing ratepayers, Board Staff supports their aims. These proposals to bring new generation can complement mandatory load flexibility and accounting mechanisms.

Furthermore, Board Staff recognizes that LLAs partnering with new generation or participating as DR should receive firm service and be included in capacity auctions. As a condition for firm service, Board Staff recommends allowing LLAs to act as DR or secure capacity through DR or partnership with new generation resources.

Proposals such as PJM's Expedited Interconnection Track (EIT) and Price Responsive Demand (PRD) provide avenues to attract new resources and enhance demand-side participation in PJM's capacity market. These proposals could help confront delays in the interconnection queue and lackluster DR participation. However, the BIGPAL proposal from Eolian provides the strongest model to incent new generation by capitalizing on LLA and generator partnerships. It recommends that LLAs meet their own capacity needs through adjacent, or electrically adjacent, generation. This structure shifts ELCC, performance, and interconnection risk onto the LLAs. The partnered generation will be able to interconnect faster, providing benefits to the LLA and generator.

Currently, ratepayers bear both the investment risk associated with new generation resources and infrastructure costs for reliable integration into the grid. These costs will be substantial, and regardless of whether the LLA forecasts materialize, the infrastructure expenses are socialized among existing ratepayers. Therefore, if LLAs want to avoid curtailment, they should assume the risk they introduce by contracting with new generation resources or DR to support their incremental demand. This would appropriately shift the supply and forecast uncertainty that ratepayers bear onto the entities driving that growth. As noted above, states would have to work with their respective LDA entities to manage state policy objectives.

Should PJM only adopt a voluntary proposal for LLAs, we recommend PJM extend the existing settlement capacity price collar to safeguard existing ratepayers against excessive RPM clearing prices driven by LLAs and their accompanying uncertain load forecasts.

Conclusion:

This unprecedented era calls for aggressive solutions to protect reliability and ratepayers. Board Staff urges PJM to adopt a mandatory mechanism to prevent LLAs from imposing reliability and cost burdens on ratepayers. Voluntary proposals are insufficient to ensure reliability and affordability across the region. We are on the precipice of an energy security crisis and an energy affordability crisis. The Board Staff urges PJM to act to safeguard the grid and ratepayers.

Sincerely,

Bob Brabston, Executive Director NJBPU