

PJM LEGISLATORS' COLLABORATIVE

Representing legislators from DE, DC, IN, IL, MD, NJ, PA, VA

March 18, 2026

David E. Mills
Chair, PJM Board of Managers
Interim President & CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19043

Dear Mr. Mills and the PJM Board of Managers,

The PJM State Legislators Collaborative includes state-level elected officials representing all 13 PJM states and the District of Columbia. The rapid growth of large new electricity loads—particularly data centers—has outpaced available supply across our region. This increased demand/load growth has already imposed reliability challenges and higher electricity costs on the residents and businesses we represent, and will worsen without careful market design.

To that end, we were pleased to support the Critical Infrastructure Fast Path process last year, with our [Ratepayer Protection Proposal](#) in collaboration with Natural Resources Defense Council (NRDC). Our proposal included the BYOC (bring your own capacity) and connect-and-manage structure as the only true solutions to prevent cost shifting from the large data centers to residential ratepayers. We also support the [Statement of Principles](#) regarding PJM issued by the White House and participating Governors on January 16, which calls for protecting residential customers from capacity price increases, and commend the companies that signed the [White House Ratepayer Protection Pledge](#) on March 4, 2026, committing to protect American consumers from price increases associated with data center energy and infrastructure needs.

As the stakeholder process continues, we urge PJM to develop a Reliability Backstop Procurement and related market changes that protect ratepayers, ensure new supply is built after clearing the interconnection queue, and remove large new data center loads from the Base Residual Auction until they bring their own capacity. Four principles should guide this effort:

1. Ratepayers must be fully protected: The costs and risks associated with building new supply for data centers must not be shifted onto the public. This includes both direct costs and the price effects of tighter markets. If PJM procures capacity to address regional shortfalls, cost allocation must ensure that the entities driving the demand for new supply bear the associated financial risk—even if buyers default or fail to materialize. PJM should not act as the financial counterparty in any way that could make non-participating ratepayers liable for costs. Risks must remain with buyers rather than the broader PJM footprint.

PJM’s market designs must also support state actions to protect ratepayers. Many state regulators are examining ways to reduce prices and maintain reliability. PJM must work with states as they develop new regulations and laws to ensure that the Reliability Backstop Auction, and RPM generally, work seamlessly with efforts to attract new resources and manage demand.

2. Auction timing must support real project development: The backstop auction should be structured so that new supply can actually be built. Holding the auction in December 2026, aligned with the final decision point for Transition Cycle 2, would allow projects emerging from the queue to participate with a clear understanding of interconnection costs and timelines. A September auction would likely attract speculative projects that have not yet resolved these issues.

3. The auction must prioritize truly new supply: The purpose of the backstop mechanism is to encourage new capacity entry. Allowing “avoided retirements” to qualify could undermine that goal and lock in aging and expensive generation under long-term contracts. Eligibility should therefore be limited to new UCAP that has not previously participated in the Base Residual Auction, including new generation, uprates, imports, and demand response, with strong oversight from the Market Monitor to ensure capacity offered is genuinely incremental and only maintained as long as absolutely necessary. PJM must also ensure that new load procured through the backstop auction participates in the Base Residual Auction for the benefit of all ratepayers and to ensure that new supply serves the entire PJM footprint.

4. Large data center loads should be excluded from the Base Residual Auction until they add new supply: If the Reliability Backstop Auction provides the price signal for new entry, there is no reason for new data center loads to remain in the same capacity pool as organic load. Keeping these loads in the BRA would continue to inflate prices for residential customers even though the price signal for new entry is found elsewhere. It will also make it more difficult for data center customers to make informed commercial decisions about how much new supply to procure. Removing data centers that do not bring new supply from the BRA will allow procurement decisions for organic load growth—such as population increases, electrification, and electric vehicles—to deliver meaningful price relief for ratepayers.

As this process evolves, PJM must also ensure that reliability and cost allocation can be directed to load-serving areas that align with state boundaries. PJM control zones often span multiple states—for example, the Allegheny Power (AP) zone, which includes portions of Pennsylvania, West Virginia, Maryland, and Virginia. Market structures should therefore allow costs and obligations to be attributed to the state-specific portions of these zones so that states can implement policies within their jurisdiction.

Given the extraordinary pace of load growth, the Reliability Backstop Procurement could become one of the most consequential multi-billion-dollar auctions in PJM’s history. Its design must protect ratepayers, work with interconnection queue timing, and prevent the costs of private data center expansion from being imposed on the public.

We stand ready to work constructively with PJM, the Governors’ Collaborative, and other ratepayer advocates to ensure that the interests of the 67 million retail customers in the PJM

region are protected. We appreciate your consideration and would welcome the opportunity to discuss these principles with you. We also welcome further discussion on any other issues where PJM believes state legislators could assist new entry or resource adequacy.

Thank you for your attention during this critical time.

Sincerely,

Maryland

Senator Katie Fry Hester
Delegate Nick Allen
Senator Brian J. Feldman
Senator Karen Lewis Young
Delegate Lorig Charkoudian
Delegate Mary Lehman
Delegate Teresa Woorman
Senator Shelly Hettleman
Delegate Julie Palakovich Carr
Delegate Joe Vogel
Delegate Jennifer White Holland
Delegate Chao Wu
Delegate Courtney Watson
Senator Dalya Attar
Delegate Jared Solomon
Delegate David Fraser-Hidalgo

Pennsylvania

Representative Danielle Friel Otten
Representative Danilo Burgos
Representative Lisa Borowski
Representative Joe Webster
Representative Mary Isaacson
Representative Ben Waxman

Delaware

Representative Debra Heffernan
Senator Stephanie Hansen
Representative Frank Burns

District of Columbia

Councilmember Charles Allen

Virginia

Delegate Michelle Lopes Maldonado
Delegate Rip Sullivan

Illinois

Senator Rachel Ventura
Representative Maura Hirschauer
Senator Graciela Guzmán
Representative Will Guzzardi
Senator Karina Villa
Senator Lakesia Collins
Senator David Koehler

Indiana

Representative Sue Errington

New Jersey

Senator Bob Smith
Senator Andrew Zwicker
Senator Troy Singleton
Senator Linda Greenstein
Senator John J. Burzichelli
Senator Angela V. McKnight
Assemblyman Dave Bailey, Jr.