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## ***Electronic Delivery***

June 1, 2026

Via Electronic Delivery  
The Honorable Christine Guhl-Sadovy  
President, State of New Jersey Board of Public Utilities

Dear President Guhl-Sadovy,

Thank you for your correspondence dated March 27, 2026, concerning the scope of the Connect and Manage Framework (“C&M”) Issue Charge (“Issue Charge”). We appreciate the concern you express for your consumers in that correspondence. It is important to note that the PJM Board of Managers (“PJM Board”) adopted the C&M concept so as to protect consumers as well – from an operational reliability or load shed event. The PJM Board, in its decisional letter on the Critical Issue Fast Path – Large Load Additions,<sup>1</sup> stated as follows:

*Consistent with its operation of the system today, PJM will take all reasonable steps to maintain grid stability and avoid curtailment. However, should system conditions over a given period force PJM to invoke its emergency procedures, the Board finds it reasonable for certain large loads, including data centers, to move to their backup generators, or curtail their demand, for a limited number of hours during the year to prevent a larger-scale outage for residential and other consumers. Such curtailment would be expected to occur infrequently, for limited durations, and only when necessary to prevent broader system impacts, consistent with PJM’s longstanding operational practice of avoiding curtailment whenever possible.<sup>2</sup>*

The C&M framework and implementation details are currently being discussed in the stakeholder process. The concern articulated in your correspondence is around whether C&M demand should continue to be maintained in the demand stack and thus shape the wholesale clearing price for upcoming capacity auctions. The Board addressed this in its decisional letter as well, stating:

*Removing such load from the market would instead result in large new loads avoiding capacity costs altogether, with those costs shifted to existing consumers.<sup>3</sup>*

The stakeholders also declined to expand the scope of the C&M Issue Charge to include this concept of whether C&M demand should continue to be included in the capacity auction demand stack.<sup>4</sup>

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<sup>1</sup> [Board Decisional Letter on Critical Issue Fast Path – Large Load Additions \(PDF\)](#)

<sup>2</sup> Id. at p.4.

<sup>3</sup> Id. at p.5.

<sup>4</sup> The Illinois Citizens Utility Board and the Pennsylvania Office of the Consumer Advocate proposed amendments to the Issue Charge at the April 22 Markets and Reliability Committee (MRC) that would have added the issue back in scope. After robust discussion at the MRC, the amendments were put to vote and did not pass. Thus, the scope will remain as endorsed by the March 25 MRC.

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We appreciate greatly the concern that you are expressing for your consumers from an affordability perspective. However, removal of C&M demand could have the perverse effect of allowing for those same consumers to further subsidize data centers and other large loads that will arguably have very close to firm capacity service. That is, these data centers and other large loads could be taking capacity service for almost the entirety of every hour of every day of the year ... but not have to pay for it.

Also, this C&M demand still has not brought capacity to the system. It may never intend to bring capacity to the system. The capacity market is the existing vehicle that PJM utilizes in order to incentivize new resource entry. If we remove the C&M demand from the capacity market, we would effectively be muting a price signal that we otherwise need in order to incentivize this new capacity to meet the new data center demand. In this era of scarcity, it would be unwise to mute a price signal needed to serve both this C&M demand and forecasted new demand.

In addition, the next two capacity auctions will be capped at roughly the same level of the current cap on the market. This means that inclusion of C&M demand in any of those auctions would not result in any true uptick in pricing for the next two auctions and will limit greater affordability harm. The cap will arguably provide time for PJM and its stakeholders to determine whether the capacity auction should evolve from its current state. This is the genesis behind the publication of our paper Powering Reliability Through Market Design. This paper will result in additional stakeholder discussions and ultimately formal stakeholder processes to advance needed reform. We encourage continued participation in these stakeholder discussions so as to determine whether the concerns you've articulated in your correspondence either have been or need to be addressed.

Finally, as has been affirmed in the Statement of Principles Regarding PJM, executed on January 15, 2026, by your appointing authority former Gov. Phil Murphy, it is the states that control cost allocation to consumers. That is, PJM will send costs to zones, and from there, it is the responsibility of the states through their electric distribution utilities and load serving entities to disseminate costs to various customer classes. Capacity costs are no different. PJM can certainly assist you in providing assistance/data in order for you to ultimately allocate capacity costs to data centers or other large loads in your state. However, the ultimate responsibility to allocate these costs is yours.

Again, we thank you for your correspondence and concern, and we appreciate your patience in awaiting our response as we allowed the C&M Issue Charge amendment request to arrive at finality through the stakeholder process.

Sincerely,

David E. Mills  
President & CEO, PJM Board of Managers

cc: PJM Board of Managers