

June 30, 2026

Ms. Paula Conboy, Chair, PJM Board of Managers
Mr. David Mills, PJM President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403

Dear Ms. Conboy and Mr. Mills:

The Virginia State Corporation Commission (VA SCC), along with its fellow PJM state utility commissions, is mandated to ensure reliable electric service, just and reasonable retail rates, and to protect residential and traditional industrial customers from undue cost shifts as the electric system continues to evolve. The growth of large electric loads presents both significant opportunities for economic development and important challenges for maintaining affordability and reliability across the PJM region.

The Data Center Coalition (DCC) is the national membership association for the data center industry, representing leading data center owners and operators who maintain data center infrastructure across the country and globe, as well as companies that lease large amounts of data center capacity.¹ DCC represents many of the companies driving investment in the PJM region and seeks to ensure that its members have timely, efficient, and predictable pathways to secure the power necessary for their operations. DCC members are fully committed to bearing the costs associated with serving their load to ensure existing customers are protected from any undue cost shifts.

Together, the VA SCC and DCC recognize that the mandate of state utility commissions and serving emerging large loads are not mutually exclusive. Rather, achieving them will require proactive collaboration among states, industry, and PJM to develop standardized regulatory tools and model retail tariff structures that individual state commissions may consider as they address the integration of new large electric loads. By working collaboratively now, we believe it is possible to facilitate continued economic investment while preserving reliability and protecting existing customers from inappropriate cost shifts. Because many of the tools necessary to achieve these objectives fall within state jurisdiction, the VA SCC and DCC are launching a collaborative effort to develop model retail tariff structures and regulatory frameworks for consideration by interested state commissions.

State-Level Interruptible Tariffs and Load Reduction Priorities

The VA SCC and DCC will convene a joint working group with other interested states to develop model state regulatory frameworks that enable states to better integrate large loads while maintaining reliability

¹ The Data Center Coalition is a membership organization of leading data center owners and operators. Public testimony, written comments and letters submitted by DCC do not necessarily reflect the views of each individual DCC member. A list of current DCC members is accessible at <https://www.datacentercoalition.org/members>.

and protecting existing customers. The initiative will focus on two complementary, but distinct, workstreams.

1. Model State Interruptible Tariffs

The parties will develop model retail interruptible tariff structures that state commissions may consider adopting to facilitate the integration of new large electric loads while maintaining reliability and protecting existing customers. These model tariffs would:

- Establish standardized retail tariff provisions under which large customers may receive interruptible service, whether through voluntary election or pursuant to state regulatory requirements;
- Define the operational expectations, customer obligations, and utility responsibilities associated with interruptible service;
- Establish the retail mechanisms through which interruptible customers would respond to requests for curtailment consistent with applicable state tariffs and regional reliability procedures; and
- Provide model tariff language for consideration by interested state commissions while fully preserving each state's independent regulatory authority.

The intended completion date for this work is no later than **February 1, 2027**.

2. Emergency Load Reduction

The VA SCC, DCC, and other interested states will jointly develop model state tariffs establishing emergency load reduction programs designed to protect residential customers during the most severe reliability emergencies while preserving reliable system operations. These model tariffs would:

- Establish retail mechanisms authorizing utilities to curtail designated large commercial and industrial customers, or require the use of available on-site backup generation, once PJM has exhausted all other available reliability resources, including demand response, but before implementation of broad manual load shed;
- Define the operational expectations, customer obligations, and utility implementation procedures associated with those programs; and
- Provide model tariff language for consideration by state utility commissions while preserving each state's independent regulatory authority.

By targeting reductions from large commercial and industrial customers before implementing widespread feeder-level outages, this approach can significantly reduce the likelihood that residential customers are interrupted during the most severe reliability emergencies. It is particularly beneficial for jurisdictions with little or no large-load development, where residential customers could otherwise be subject to manual load shed even though targeted reductions of large loads—or deployment of available on-site backup generation—in other parts of the PJM region would have been sufficient to address the reliability need.

The intended completion date for this work is no later than **February 1, 2027**.

Reliability Backstop Cost Allocation

The VA SCC, DCC, and other interested states will also collaborate to develop model state tariff provisions addressing the retail allocation of costs associated with PJM's Reliability Backstop Procurement.

The objective is to develop transparent retail mechanisms that appropriately assign reliability backstop costs to the large load customers whose demand contributes to the need for those procurements, while protecting existing residential and traditional industrial customers from inappropriate cost shifts.

The intended completion date for this work is no later than **January 1, 2028**.

Moving Forward

This collaborative effort reflects our shared commitment to finding practical, durable solutions that balance reliability, affordability, economic development, and regulatory certainty.

Together, the VA SCC and DCC recognize that these objectives are complementary. Achieving them will require proactive collaboration among states, industry, utilities, and PJM to develop standardized regulatory tools and model retail tariff structures that state utility commissions may consider as they address the integration of new large electric loads. We also recognize that meeting the region's growing electricity demand will require significant investment in new generation and other energy resources. DCC members are committed to pursuing those investments, and both the VA SCC and DCC recognize that clear, predictable regulatory frameworks are essential to supporting the investment in new generation and energy resources needed to reliably serve the region's growing demand while protecting existing customers.

We appreciate PJM's continued leadership on these matters and look forward to working collaboratively with PJM, the states, and all stakeholders as these efforts move forward.

Sincerely,

Kelsey Bagot
Chair, Virginia State Corporation Commission

Josh Levi
President & CEO
Data Center Coalition