July 17, 2026

Ms. Paula Conboy
Chair, PJM Board of Managers
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
VIA ELECTRONIC DELIVERY

Chair Conboy and Members of the PJM Board of Managers,

As you consider the results of the recent Critical Issue Fast Path – Reliability Backstop Procurement/Connect and Manage (CIFP – RBP/C&M) vote, we write to highlight a critical issue. Members of the Consumer Advocates of the PJM States (CAPS)[1] are extremely frustrated in PJM staff's apparent dismissal of core consumer interests related to data center growth. Specifically, it is imperative that:

1) Any connect and manage paradigm be mandatory; and

2) Connect and manage loads should be excluded from the Base Residual Auction (BRA).

Over the past three PJM capacity auctions, the 67 million residential consumers in the region have paid a significant part of the $23.1 billion in additional capacity costs in the region that are a result of data center growth.[2] These new capacity costs have impacted the affordability

[1] The following CAPS members support this letter: Delaware Division of the Public Advocate, District of Columbia Office of the People's Counsel, Citizens Utility Board of Illinois, Office of the Illinois Attorney General, Indiana Office of Utility Consumer Counselor, Maryland Office of People's Counsel, Michigan Attorney General's Office, Special Litigation Division, the New Jersey Division of Rate Counsel, Office of the Ohio Consumers' Counsel, Pennsylvania Office of Consumer Advocate, Virginia Office of the Attorney General – Division of Consumer Counsel, and the Consumer Advocate Division of the Public Service Commission of West Virginia. The following offices abstained or have not taken a position on the letter: Kentucky Office of the Attorney General – Office of Rate Intervention, North Carolina Office of Attorney General, Utilities Section, Public Staff – North Carolina Utilities Commission, and Office of the Tennessee Attorney General – Consumer Advocate Division.

[2] Monitoring Analytics PJM Independent Market Monitor, Analysis of the 2027/2028 RPB Base Residual Auction - Part A, The Independent Market Monitor for PJM, Jan. 5, 2026 at p. 3. Analysis of the 2027/2028 RPM Base Residual

of the region's bulk electric system for existing consumers. Policymakers and consumer representatives expect that new data centers, not existing ratepayers, will be paying the costs for the new capacity needed to meet the new data center load.

Including new data center load in future PJM capacity auctions where there is no price collar[3] will unreasonably result in existing consumers bearing the costs of data center growth for the near future.[4] Unfortunately, PJM[5] and many of its stakeholders[6] have summarily dismissed discussion of developing solutions to ensure data centers pay all the new capacity costs—including in the BRA—for the supply needed to serve the new data centers.

Key governmental and consumer interests have been aligned that the costs of any new capacity procured should be allocated to the data centers. For example:

- **The Joint Consumer Advocates Executive Summary - Stage 4 of PJM CIFP**: On June 23, 2026, the Joint Consumer Advocates submitted the Executive Summary for their CIFP – RBP/C&M proposals.[7] As part of those proposals the Joint Consumer Advocates

---

Auction - Part A. The three PJM Capacity Auctions that were included in this analysis were for the 2025/2026, 2026/2027, and 2027/2028 delivery years. The analysis of the capacity auction completed in July 2026 for the 2028/2029 delivery year has not yet been completed.

[3] The Federal Energy Regulatory Commission (FERC) initially approved Capacity Auction price collars for the 2026/2027 and the 2027/2028 delivery years to limit the ceiling (and floor) for capacity costs. *See* FERC docket ER25-1357-001. FERC approved a PJM requested extension of the price collar for the capacity auctions in April, 2026 for the 2028/2029 and 2029/2030 capacity auctions. *See* ER26-1556-000. The next auction that will not be subject to a price collar 2030/2031 delivery year, which will be conducted in May 2027.

[4] PJM Connect & Manage CIFP Proposal Stage 4, Section 3 Connect & Manage (C&M) Construct: "No change to RPM or RTEP inclusion" and Section 4 RPM Impacts: "No impact on modeling or cost allocation for RPM", p. 3, June 18, 2026, : 20260630-pjm-stage-4-proposal---connect-and-manage---executive-summary.pdf

[5] In its decisional letter on the Critical Issue Fast Path – Large Load Additions, the Board wrote: "The Board does not propose that "connect and manage" new large load be removed from the capacity market. Based on current load projections, the system is expected to tighten to a degree that excluding this demand would be unlikely to reduce capacity prices below point "A" on the Variable Resource Requirement (VRR) curve. Removing such load from the market would instead result in large new loads avoiding capacity costs altogether, with those costs shifted to existing consumers. The capacity market is designed to support system-wide resource adequacy, recognizing that PJM may be required to direct load curtailments to maintain system reliability, with TOs ultimately determining which customers to curtail."

[6] The PJM stakeholder body supported the PJM position to drive capacity prices high and keep data center load in the auction by voting against the Illinois Citizens Utility Board's April 22, 2026 proposed amendment to the Issue Charge. The stakeholder decision was not a surprise with PJM's supply-side bias, and only a fraction of the PJM Members representing the consumers in the region. In fact, a strong majority of PJM's members benefit from higher prices for supply as resource owners.

[7] Joint Consumer Advocates, Stage 4 of PJM CIFP Stakeholder Process Regarding Large Load Additions and Reliability Backstop Procurement and Connect and Manage, June 23, 2026, at p. 2, 5, https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/2026/20260630/20260630-item-02c---joint-consumer-advocates---cm-and-rbp---executive-summary.pdf. The Joint Consumer Advocate offices include: Maryland Office of Peoples' Counsel, Delaware Division of the Public Advocate, Office of the Illinois Attorney General, Illinois Citizens Utility Board, and Pennsylvania Office of Consumer Advocate.

requested that PJM remove data center load that falls under a connect and manage classification from the capacity market and RTEP planning parameters.

- **<u>The PJM Governors' Collaborative Letter</u>:** On April 14, 2026, the PJM Governors' Collaborative submitted a letter to PJM encouraging PJM to acknowledge that "Balancing both affordability and reliability are foundational to PJM's very existence."[8] Those Principles included allocating costs of any new capacity procured to data centers and "taking new data center loads out of the capacity market."

- **<u>NJBPU Letter Regarding Connect and Manage Issue Charge:</u>** On March 27, 2026, New Jersey Board of Public Utilities President Guhl-Sadovy wrote to the PJM Board, urging PJM to revise its stakeholder discussions and take action to remove connect and manage LLAs from the capacity auction demand stack.

- **<u>PJM Legislators' Collaborative Principles</u>**: On June 9, 2026 a group of state-level elected officials representing all 13 PJM states and the District of Columbia presented to the PJM Board a set of five principles, including that consumers must be fully protected and that large data center loads should be excluded from the PJM capacity auction **<u>until</u>** they add new supply.

- **<u>The Ratepayer Protection Pledge</u>**: On March 4, 2026, a core group of data center developers and owners[9] signed the Ratepayer Protection Pledge at the White House. The Ratepayer Protection Pledge promised that these entities would be paying the "full cost of these resources whether by building, or buying from, new or otherwise additive power plants." Those that signed the pledge also promised to pay for all new power delivery infrastructure upgrades whether they use the power or not.

These are critical voices—many of them are elected leaders. Their requests and expectations deserve the utmost consideration.

The decision to include data center load in future PJM capacity auctions will put billions of dollars in annual capacity costs related to data center deployment in the PJM region on the backs of existing customers in the region. Without mandatory connect and manage requirements, there will be no incentive for large loads to participate in the RBP or bilateral matching, since they will receive service irrespective of their impact on capacity costs and reliability. Reflecting connect and manage loads in the BRA denies a core component of the letter from the Governors' Collaborative, the Ratepayer Protection Pledge, and the State Representatives' Principles.

---

[8] Governors' Collaborative Letter to PJM CEO, David Mills, Apr. 9, 2026, https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260414-pjm-govs-collaborative-letter-re-reliability-backstop-procurement-objectives.pdf.

[9] The March 4, 2026 Ratepayer Protection Pledge was signed by the President of the United States of America, Donald J. Trump, Amazon, Google, Meta, Microsoft, OpenAI, Oracle , xAI.

Now that the CIFP – RBP/C&M has reached its end point, the PJM Board has a real opportunity to address affordability in the region. The stakeholder-endorsed package[10] on the RBP, if implemented, will serve an important role in facilitating appropriate cost allocation to data centers. However, without a mandatory connect and manage paradigm, and without removing connect and manage loads from the BRA, ordinary consumers will continue carrying unreasonable cost and reliability burdens. The voluntary connect and manage approach simply does not provide the reliability to existing customers that PJM must prioritize. The PJM Board must meet the moment and play its part in ensuring that data center capacity costs are born by the data centers that caused them and protect existing customers from reliability risk caused by data centers.

Thank you for your consideration of this important issue for the consumers of the region.

Respectfully submitted,

Kimberly B. Janas, President
Consumer Advocates of the PJM States (CAPS)

[10] Joint EDCs & Data Center Coalition, Reliability Backstop Procurement Package, Executive Summary, https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/2026/20260630/20260630-item-02f---joint-edcs-and-data-center-coalition---rbp---executive-summary.pdf