**David Mills**
President and CEO

PJM Interconnection
2750 Monroe Blvd.
Audubon, PA 19403

***Via Electronic Delivery***

August 10, 2026

PJM Legislators' Collaborative
c/o Maryland Senator Katie Fry Hester

Dear Senator Fry Hester,

Thank you for your letter dated July 31, 2026, wherein you express your support for the White House's Ratepayer Protection Pledge and concerns with the PJM Board's Decisional Letter of July 27, 2026, noting that our actions may not protect your constituents from high prices and reliability risks associated with rapid data center growth.

Since your correspondence to us, PJM has filed the Reliability Backstop Proposal (RBP) with FERC. FERC is currently accepting public comment on this proposal.

With respect to the items you raised, PJM has heard and has been responsive to your concerns in its proposals to FERC. As to your first concern, the Board has instructed PJM staff to exclude any incremental new Large Loads relative to the forecast utilized for the 2028/2029 Base Residual Auction from the demand used in future RPM Auctions for delivery years starting with 2029/2030.[1] Existing customers should not bear higher capacity costs caused by new Large Loads that do not bring, or otherwise contract for, the new supply necessary to serve their needs.

As to your second comment, you express that any new Large Loads that do not bring deliverable supply to the system should be curtailed before other customers. This is precisely what our IRAS proposal would do with respect to any new Large Loads greater than 50 MW that do not provide evidence that they are bringing qualifying new capacity. States must take the next steps to effectuate PJM's efforts here, as states are ultimately responsible for determining curtailment priority at the more granular customer level.

Next, to meet the capacity needs of these new Large Loads that do not bring or otherwise contract for the new supply necessary to serve their needs, PJM will execute the RBP subject to FERC approval. To further insulate retail customers from these costs, states must take steps to ensure that RBP costs are allocated to whomever the state prefers they be allocated to. As you know, the states are ultimately responsible for determining cost allocation at the more granular customer level.

[1] While PJM has included all forecasted load, including large loads, in the demand curve for capacity auctions to date, the PJM Board has directed that all incremental large loads beginning with the 2029/2030 Delivery Year be removed from the demand curve of future auctions. For auctions that have already been run, and included demand from large loads, it would be contrary to established precedent to re-run or otherwise invalidate the results of previously settled auctions.

The targeted procurement level will secure enough capacity to meet the reliability requirement for the 2028/2029 Delivery Year. As of today, we are approximately 6,800 MW short of that requirement. This shortage amount can be adjusted based on certain eligibility criteria to accommodate the supply preferences of new Large Loads, thereby respecting state programs that may overlap efforts with the PJM central procurement.[2]

Finally, as set forth in our proposals to FERC, we acknowledge an array of state policies in the PJM region through the RBP's target adjustment opportunities. PJM's IRAS final proposal also requires that large loads continue to bring their own new generation to get firm, reliable service. PJM's resource eligibility for new capacity is flexible enough to allow for a range of state-preferred resources that can serve new Large Loads to qualify. To note, a significant piece of New Jersey legislation related to peak shaving that was directed specifically at the RBP was incorporated into our final proposal.

The Board appreciates the concerns shared in your letter. Upon reviewing our two recent filings with FERC, we trust that the concerns raised in your letter have been addressed in our proposals. The Board appreciates your engagement and looks forward to continued dialogue as PJM addresses the challenges and opportunities associated with evolving resource and demand trends in the region.

Sincerely,

David E. Mills
President and CEO

[2] For example, evidence of customers bringing their own new capacity, State Integrated Resource Plans with generation in the PJM queue, state peak load shaving programs, and the election of Large Loads to participate in demand response programs