



Large Load Additions

Critical Issue Fast Path

October 14, 2025

Governors' Principles

For Large Load Additions

- Unreasonable to Socialize Exogenous Costs
- Avoid Barriers to Entry
- Real-World Realities
- Fundamentally Different in Nature
- Solution Space: *Flexibility Incentive Structure*

Unreasonable to Socialize Exogenous Costs

Families and Small Businesses Cannot Be Allotted Excessive Costs

- IMM data suggests that new large loads are responsible for sizable (but not entire) share of rising costs
- Consumers cannot be expected to shoulder the costs imposed by out-of-market constraints and exogenous load growth
- Any solution must result in rational auction prices and ensure that the 67 million PJM ratepayers receive a fair bargain for any cost increases that do occur
 - NRDC's analysis shows the cost of inaction: **\$163 billion**

Avoid Barriers to Entry

Bring New Loads and Supply to Our Region and Win the AI Race

- Solutions that don't offer a pathway for large loads to join our grid will send economic development dollars elsewhere
- PJM can lead the nation and be a competitive advantage for our region
- Need tangible ways to bring more resources online quickly to meet the rising need for power
 - **Eolian's BIGPAL** is a promising approach for solving interconnection delays, but needs to be paired with broader reforms to incent new entry

Real-World Realities

Large Loads Will Have to Be Flexible

- More electrons are urgently needed
- Reforming **load forecasting** is a critical first step—which governors support—but is not sufficient: it does not solve the underlying need for more power
- If the grid cannot support large load entry, those loads must find sustainable ways to enter—including the mechanisms proposed by the Coalition: more **flexible demand response** offerings, **backup generation**, new **co-built** generation and storage resources, and **self-curtailment**
- But who bears the risk?

Fundamentally Different in Nature

Region Is Facing A Step Change

- Large Load Additions are qualitatively and quantitatively different from historical load growth and existing load
- Customers should not be expected to bear the costs of this change. Yet we need grid reliability and economic growth.
- A load flexibility solution (with multiple flavors of flexibility) linked with capacity market—and paired with carrots, not sticks—allows for all three
- Preferred outcome:

Voluntary short-term flexibility paired with incentives to ensure that additive supply accompanies load in the long-term, allowing large loads to enter rapidly while ensuring costs are not shifted to other customers

Solution Space: *Flexibility Incentive Structure*

- Large loads will have to be flexible (practical reality)
- PJM **should not procure net capacity** for large loads that will find ways to support themselves
- Prefer carrots to sticks in order to incent different forms of flexibility and ultimately to bring needed generation
- Find ways for large loads that have chosen to not affect reliability or affordability to enter service faster
 - e.g., Large loads should receive **expedited access** to interconnection to bring new supply
- Prefer to avoid out-of-market mechanisms, but consumers cannot be left footing the bill

