



David Gardiner & Associates CIFP Package Proposal

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What We're Addressing

- The DGA package proposal aims to:
 - Reduce the impact of large loads on capacity needs in PJM.
 - Protect ratepayers from excess charges for unnecessary generation buildout.
 - Ensure that the grid is sufficiently robust to serve large loads.
 - Facilitate timely access for large loads to reliable energy.
- The package includes the following recommendations:
 - Establish a load interconnection queue.
 - Prioritize load that demonstrates proactive demand reductions (e.g., heat reuse).
 - Improve load forecasting.
 - Equitable interconnection of generation to serve general load and large loads.

Package Proposal: Demand Reduction

- Establish a load interconnection queue process with rules established through stakeholder input.
- Prioritize loads in the queue that take proactive steps to reduce their demand.

Heat Reuse Benefit: Load Growth

- Cooling accounts for approximately 40% of data centers' electricity consumption.
 - Heat reuse leads to a 10 to 30% reduction in data centers' electricity demand.
 - **In the PJM region, this translates to a reduction of 1200 to 3600 MW in peak summer demand.**
- This solution is particularly helpful in certain zones. The 2025 forecast for PJM's Dominion Zone estimates more than 20 GW of growth from data centers alone by 2037 (IEEFA, 2025).

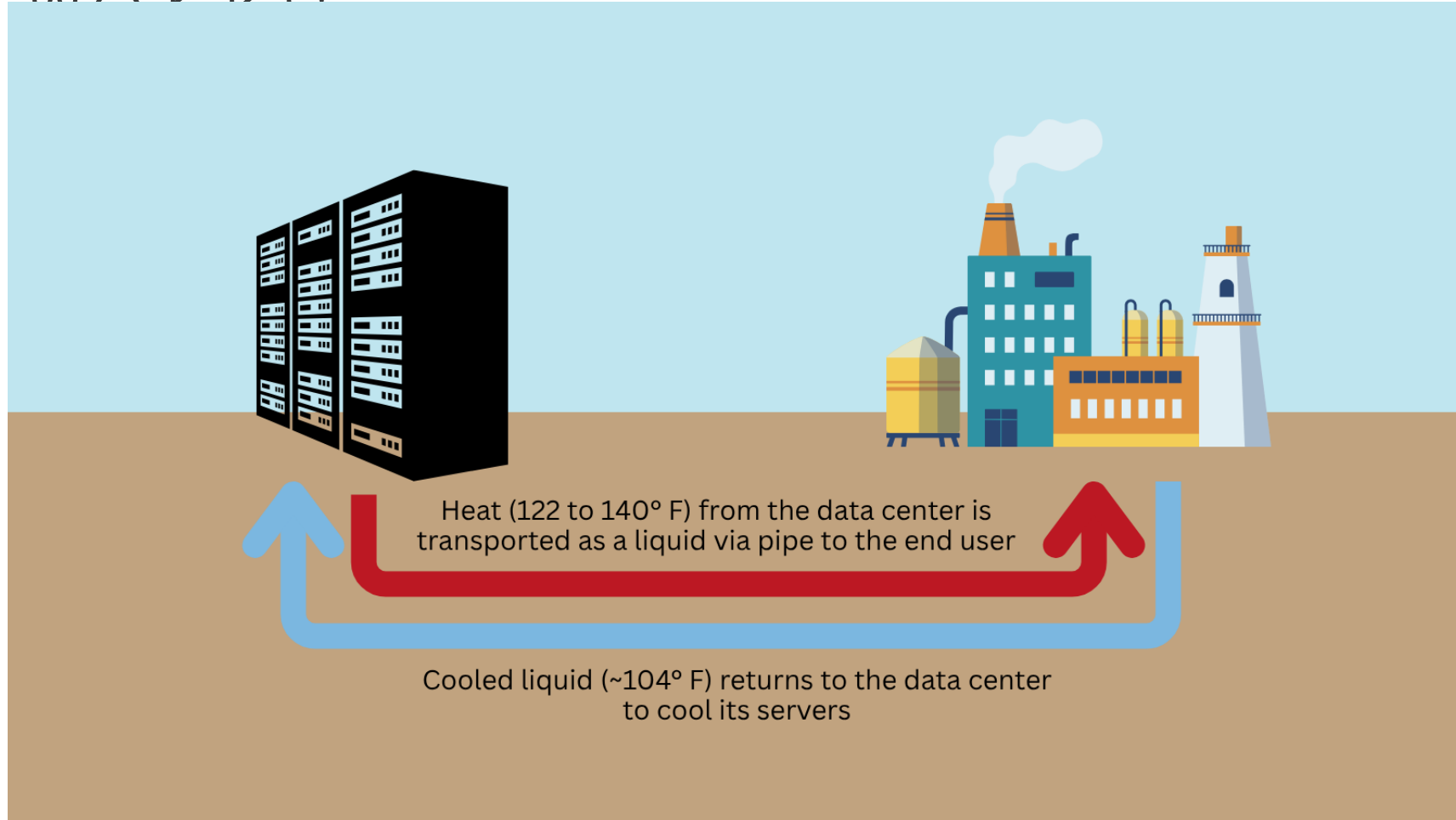
Heat Reuse Benefit: Affordability and Environmental Impact

- Reducing demand projections decreases the need to procure additional capacity and build additional infrastructure.
- Increased affordability for rate payers.
 - According to IEEFA, 63% of the increase in capacity prices in the 2025/26 auction can be attributed to data centers, translating to \$9.3 billion in infrastructure costs that will be passed on to ratepayers.
- One 15 MW data center uses as much water as three average-sized hospitals or more than two 18-hole golf courses. Heat reuse reduces data centers' water consumption.

Heat Reuse: How it Works

- Data centers produce low-temperature heat (~30-65 C) as a byproduct of their operations. That heat can be transported to offtakers in various sectors, such as:
 - Food & beverage
 - Pharmaceuticals
 - Commercial process heating and cooling
 - Hot water pre-heat
- Heat is returned to the data center via underground piping (at a lower temperature).
- This leads to a **10 to 30% reduction in data centers' electricity consumption.**

Heat Reuse: How it Works



Projects in the U.S.

- Westbank project in San Jose, CA
 - Reusing data center heat in a district heating system for a 4,000-unit residential complex.
- Westin Building Exchange in Seattle, WA
 - Reusing 5 MW of data center heat in the district heating system for Amazon's headquarters.
- Wyoming Hyperscaler in Evanston, WY
 - An in-construction data center plans to utilize liquid cooling to reuse its heat both onsite and offsite.

Package Proposal: Infrastructure

- Improve load forecasting.
 - Load forecasting impacts resource adequacy and transmission planning.
 - There is a general consensus that forecasts are currently overinflated.
- Ensure sufficient transmission capacity on the system.
- Equitable interconnection of generation to serve general load and large loads.

About David Gardiner & Associates (DGA)

David Gardiner and Associates (DGA) is a strategic advisory firm with a mission to accelerate clean energy solutions and policy to achieve transformational decarbonization. We help our business and non-profit clients by delivering practical, innovative, and tailored solutions through research and analysis, strategic advice and planning, policy advocacy, and alliance building.



Thank You!
Questions?