

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Energy and Environment



June 25, 2026

Via Electronic Delivery

The PJM Board of Managers
c/o David Mills, President
PJM Interconnection L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Re: PJM Board Leadership to Protect Ratepayers and Safeguard Reliability through the Critical Issue Fast Path (CIFP) Process

I am writing on behalf of the District of Columbia to convey our concerns with how PJM Staff propose to implement the new Connect & Manage process and Reliability Backstop Procurement. The District of Columbia, which has no large data centers or prospects for development of any, cannot invoke state authorities or retail tariffs to protect residents from the threat of blackouts and surging electricity prices driven by data centers. Instead, we must rely on PJM to develop proactive, region-wide solutions to the current wholesale market crisis. PJM Staff's latest proposal fails to meet this responsibility.

The PJM Board should take steps to protect ratepayers and safeguard reliability consistent with the White House and the PJM Governors Statement of Principles. Under the Statement of Principles, PJM should “allocate the cost of any new capacity procured through the . . . Reliability Backstop Auction to load serving entities (LSEs) with new data centers that have not self-procured new capacity or agreed to be curtailable.” and “any remaining costs should be allocated to LSEs based on their remaining net short position.”¹ Likewise, the White House's Ratepayer Protection Pledge calls upon hyperscalers and AI companies to pay “the full cost of their energy and infrastructure” and end the practice of “the American People . . . footing the bill for the benefit of private companies.”²

The current PJM Staff proposal contravenes both the letter and the spirit of these bipartisan commitments. The PJM Staff propose to abandon a mandatory Connect & Manage framework, under which transmission owners and electric distribution companies with large load growth would be subject to curtailment if large load customers do not provide their own new supply. The implications are significant for both cost and reliability. Removing the mandatory Connect & Manage process eliminates critical incentives for large load customers to enter into long-term

¹ National Energy Dominance Council and PJM Governors, Statement of Principles Regarding PJM (January 16, 2026), <https://www.energy.gov/documents/statement-principles-regarding-pjm>.

² White House, Ratepayer Protection Pledge (March 4, 2026), <https://www.whitehouse.gov/releases/2026/03/ratepayer-protection-pledge/>.

contracts for capacity, undermining the region's ability to bring new generation online while ensuring the associated costs are appropriately borne by the customers who are causing them. Other issues with PJM Staff's proposal include unresolved questions around how curtailment obligations would be handled and how to address potential increased costs for consumers if PJM includes all data centers as inputs into the capacity market demand curve and the Regional Transmission Expansion Plan.

The District of Columbia appreciates PJM's statements regarding its desire to partner with states to address data center challenges. However, state authority is not a substitute for PJM's responsibility to manage and allocate wholesale costs appropriately in the first instance.

The District of Columbia is a case in point. Washington, DC does not have a single hyperscale data center yet is facing escalating costs driven by data center development. No statutory or regulatory pathway exists that would enable DC to cost allocate its way out of this problem. DC simply does not have any large loads to which new costs could be allocated. Moreover, DC's own peak load has been falling, not rising. The solutions that PJM implements to solve its immediate capacity market needs should not further exacerbate the present disconnect between cost drivers at the bulk power level and the ordinary customers, such as DC residents, who are paying those costs. But that is what is currently set to happen, absent more robust protections for consumers through the Connect & Manage framework and Reliability Backstop Procurement. Similarly, DC cannot use local authority to curtail large loads during emergencies, as PJM Staff suggest, because DC has no large loads to curtail. If called upon by PJM, DC would need to shut off power to regular residents, businesses, and public institutions in the nation's capital. Here, too, DC depends upon PJM to assign curtailment responsibilities to the entities and regions that are causing curtailment risks while also being best placed to manage them.³

The PJM Board has a critical opportunity to institute a Connect & Manage framework and complementary Reliability Backstop Procurement that minimizes total system costs, secures new generation through long-term contracts, and appropriately allocates the costs of that generation to those large load customers driving its need. Stakeholders have spent months developing detailed proposals to do just that. We urge the PJM Board to look beyond the PJM Staff proposal and select a package that fully comports with the Joint Statement of Principles and the White House's Ratepayer Protection Pledge.

Sincerely,

p.p. Michael Somersall for:

Richard Jackson
Director
Department of Energy & Environment
Government of the District of Columbia

³ For example, PJM Staff's previous proposal would reduce curtailment obligations under the Connect & Manage framework for LSEs whose large load customers contract for new supply. That feature provides a direct ability for the entities that are causing increased risk of curtailments to manage that risk by contracting for new power supply.