Shaping a Powerful Change

PJM Five-Year Strategy

August 2026

Working to Perfect the Flow of Energy ®

This strategy outlines how we intend to lead for the next five years and beyond.

Overview

The stakes for delivering reliable power are high: 67 million people rely on PJM to power their homes, their work and their daily lives. Reliable, abundant electricity is a foundation on which economic opportunity, industrial growth and American technological leadership depend.

These demands on PJM and its members are not transitory: In the next five years, the region needs a grid that delivers.

Our region is falling short of what this moment demands. Too little generation is coming online, too many projects are delayed and investors lack the certainty needed for markets to credibly bring more generation online. As the region faces accelerated demand growth, driven by the continued growth of Large Loads and data centers, the state of the interconnection is not tenable.

Fixing this will require the concerted partnership of PJM, states, utilities, generators and Large Load customers alike. We hear the expectation for PJM's clear direction and leadership on the grid's future, which should be informed by the voice of the consumer.

Our approach starts with specifying our mandate. PJM is a mission-driven organization that serves the public interest as a FERC-authorized RTO. We are clear about our priorities: Reliability is our North Star. People and businesses in the PJM region depend on us to keep the lights on, and we exist to uphold that trust.

In today's environment, reliability is not possible without resource adequacy. We will take active leadership on this issue by orchestrating resource adequacy: That means we will lead competitive market reforms and work with states, members and other stakeholders to shape the pace of resourcing that our region needs.

PJM knows that affordability matters. We recognize the pressure that rising electricity costs place on families and businesses. We will act within our power to help address this challenge: by providing power reliably and cost-efficiently through competitive markets and decisions in planning and operations, while providing insight into PJM and system costs. Although PJM does not set retail rates, we will be transparent and accountable for costs that are within our control.

Our Blueprint for the Next Five Years

Who We Are

Ensure reliability | Orchestrate resource adequacy | Operate competitive markets | Provide trusted expertise & leadership

What We Will Do

- Reliably operate an increasingly dynamic grid
- Ensure durable market incentives & state alignment
- Proactively adapt planning processes
- Improve decision-making efficiency

How We Deliver

Evolve & enable the workforce

Harness technology & innovation

Provide value by ensuring reliable service cost-efficiently

What will it take to deliver on this mandate?

Our answer is four focused priorities:

1. **Reliably operate an increasingly dynamic grid.** We will modernize operations for an increasingly complex system and introduce next-generation Control Room technologies – including enhanced deployments of AI and automation that strengthen and accelerate human judgment.

2. **Ensure durable market incentives & state alignment.** The region needs alignment among all players that have a role in shaping resource adequacy: states, members and PJM. In collaboration with our states and members, we will advance urgent market reforms, building on the Powering Reliability Through Market Design work, to create durable, investable market signals and ensure the resources the system needs are built.

3. **Proactively adapt planning processes.** We will deliver accelerated transmission and interconnection processes, supported by next-generation technologies and streamlined processes to meet speed for infrastructure build-out.

4. **Improve decision-making efficiency.** The pace of PJM and our members' decision-making must meet the urgency of the moment. PJM's stakeholder process was built for a different era; we will work to reduce friction, streamline governance and accelerate action while preserving trust and transparency.

While this is a five-year strategy, we do not have five years to deliver on most of these priorities. Delivering at this pace will require PJM to innovate ambitiously with:

- A modern technology backbone that deploys AI and automation
- A workforce empowered to move faster and think differently
- Transparent communication with members, stakeholders and the people who depend on our work

This moment will test us and our members, demanding leadership, innovation and the willingness to adapt. But PJM has navigated nearly a century of challenges before, and we intend to meet this together and inspire your trust.

In doing so, we ask for your collaboration. At its core, PJM is not only a market and system operator, or a planner, but a compact rooted in the belief that we deliver more reliable, efficient and cost-effective outcomes through our partnership.

Let's renew that partnership for the century ahead.

David Mills
President & CEO

Paula Conboy
Board Chair

How the Strategy Was Developed

PJM's enterprise strategy sets the organization's direction over the next five years. Development of the 2026 strategy began in January 2026 under the guidance of the Board of Managers and was approved by the Board in July 2026.

Thank you to members and other stakeholders for your engagement on this strategy.

The strategy was developed through a collaborative process grounded in industry trends, input from members and stakeholders, and feedback from across the organization. The process began with a new assessment of the evolving operating environment facing PJM's region, including changing demand and supply dynamics, resource adequacy pressures, industry shifts, and macroeconomic trends. Multiple workshops were conducted to assess these trends and evaluate the implications for PJM's roles, priorities and strategic direction.

The strategy is shaped by significant engagement from members and stakeholders. PJM conducted listening sessions, stakeholder discussions, and feedback surveys to gather perspectives on the scenarios PJM should plan for, issues the strategy should address and specific initiatives that could support our shared goals.

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Our Operating Context

One thing is clear: Over a decade of predictably flat load growth is over. PJM must be ready for a future of higher load growth, constrained supply and macroeconomic volatility – and growing uncertainty about what the grid will look like.

Our region's demand for electricity is accelerating.

- *Our forecasts predict that load growth is likely to remain elevated through 2035, with data centers representing most incremental demand.*
- *Even in an AI downside scenario, system stress may increase through 2031 given the large pipeline of Large Loads and data centers already under construction. Uncertainty rises significantly after 2030.*
- *Industrial growth and electrification reinforce this trajectory. Policy shifts the timing, but not the direction of electrification.*

Our capacity is remaining historically constrained.

- *However, generation is struggling to come online faster. Development is hampered by persistent siting and permitting delays. Similar challenges constrain midstream natural gas infrastructure. And while transmission and interconnection times are improving, they have additionally contributed to delays.*
- *Meanwhile, costs have risen rapidly. Equipment and engineering bottlenecks, regulatory delays, and supply chain disruptions have systematically increased costs for bringing new generation technology.*
- *While emerging generation and storage technologies will increase capacity, the region will require all technologies to materially shift the resource adequacy trajectory in the next five years.*

PJM is preparing for many possible futures.

While PJM will prepare for an increasingly constrained grid, higher uncertainty means a broad range of possibilities. As part of this strategy development process, PJM identified and tested the strategy against five scenarios (right), with further evaluation against other test cases.

"Capacity squeeze" approximates the current base demand-and-supply projection, but the strategy initiatives intend to plan for either a material acceleration or deceleration in demand.

- *Demand reversion*
- *Capacity squeeze*
- *Balanced growth*
- *Load diversion*
- *Cross-cutting: Accelerated decarbonization mandate*

Persistent imbalances have led our region's costs to increase.
In most PJM region states, average utility bills have increased faster than inflation over the last five years. Like members and stakeholders, PJM considers these impacts closely.

Our grid's operational characteristics and risks are evolving.

- *The grid is becoming more intermittent. The majority of the states in the PJM region maintain decarbonization targets, and as the generational mix changes, PJM will need to plan for a grid with different operating characteristics and partner with the region to maintain reliability.*
- *The proliferation of Large Loads is creating new reliability and operational risks, especially around data centers with their unique operating characteristics, which can include significant load fluctuations.*
- *More frequent extreme weather events are adding operational complexity.*
- *Aging infrastructure may become less reliable, requiring monitoring and investments to ensure system reliability.*

Our macroeconomic environment is becoming more volatile.

- *Economic uncertainty and geopolitical fragmentation are widening the range of potential future risk scenarios.*
- *Rapid advances in AI present both operational opportunities and increased risks, increasing the urgency to modernize and manage disruption scenarios.*

Our industry is changing in structural ways.

- *New configurations of energy players, ISO/RTO expectations and investors are changing the industry landscape within PJM's region.*

> ***Among other factors,*** the likelihood of grid constraints and macroeconomic volatility increases the importance of efficient operations, timely decision-making and accurate forecasting.

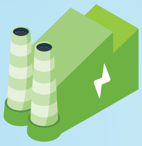
Our Mandate

PJM is a mission-driven organization that serves the public interest as a FERC-authorized RTO. Our priority is to execute our mandate with focus, excellence and active leadership.

As we renew our mandate for the next five years:

Ensure Reliability

Reliability must remain PJM's top priority.
Members and other stakeholders are aligned that reliability is PJM's core responsibility – one that matters more than ever at a moment of volatility – and that guaranteeing reliability is core to PJM's value proposition.



Orchestrate Resource Adequacy

Reliability requires resource adequacy.
PJM will take leadership through a more proactive role as an "orchestrator" of resource adequacy – shaping the pace of resourcing through markets, planning and stakeholder engagement – with the recognition that it is a shared responsibility.

Operate Competitive Markets

Competitive markets are part of PJM's charge – and efficient, competitive markets help deliver reliable service cost-efficiently.
This strategy additionally recognizes the importance of durable, consistent market incentives to create confidence for investors and other stakeholders.

Provide Trusted Expertise and Leadership

PJM will aspire to be a "source of truth" for system intelligence.
As part of this commitment, we will be transparent about our own operations and provide regional insight on factors that shape reliability, resource adequacy and regional costs.

Our Objectives

Drive operational reliability in an increasingly dynamic system.

Over the next five years, PJM's grid faces a more complex operating environment, driven by more intermittent resources, fuel supply shifts, tightening operating reserve margins and more complex outage coordination. Further, PJM operates in a context where load can become more flexible and responsive.

PJM will modernize operations to deliver reliability in a changing system:

- Create a tech-enabled Control Room with AI-decisional support to augment human judgment.
- Develop critical new capabilities to maintain reliability with Large Load growth, including greater controllability and visibility/transparency in partnership with impacted stakeholders.
- Improve market coordination for operational needs, including gas-electric market alignment and unit commitment decisions.
- Improve cybersecurity resilience capabilities, including prevention, detection, response and recovery for emerging risks.

Reform markets and coordinate with states to orchestrate resource adequacy.

Resource adequacy in PJM's region is shaped by both market signals and policies. However, there is limited alignment on responsibilities, incentives and accountability across stakeholders.

In the next five years, PJM will play a proactive role orchestrating resource adequacy:

- Develop clear alignment on resource adequacy responsibilities with states, members and other stakeholders.
- Establish clear future pathways and execution plan for capacity and energy market reforms introduced in the Powering Reliability Through Market Design white paper to achieve support by PJM states and provide investor confidence.
- Advance reserve and ancillary service reforms to better reflect real-time operations uncertainty, ramping and reliability needs.

Operate best-in-class planning processes.

We will operate best-in-class planning processes that deliver both speed and value:

- Achieve significant improvements in the new services request process through technology and process changes (e.g., one-year generation interconnection).
- Improvements in regional transmission planning, including Large Load forecasting and modeling, long-term scenario planning, and construction risks and contingencies
- Evaluate planning process improvements to determine interim solutions for near-term reliability needs.
- Create more synchronized regional transmission planning and interconnection processes for greater efficiency and transparency.

Accelerate decision-making to meet rapid industry change.

PJM will collaborate with members and stakeholders to drive significantly greater agility:

- Drive efficiencies in the existing stakeholder processes by strengthening guardrails, process discipline and supporting data/analysis, including defining and prioritizing annual stakeholder work plan.
- Implement new accelerated stakeholder decision-making processes.
- Evaluate and implement targeted governance reforms that support PJM independence for timely response to critical issues while considering stakeholder input.

Our Approach to Delivery

Build a modern, innovative technology backbone.

PJM has technology work plans that prioritize the capabilities and outcomes needed to advance enterprise strategy initiatives:

- Enable data-driven, augmented operations that support reliable grid management, risk assessment and efficient dispatch.
- Support market analytics that aid decision-making in market design and anomaly detection.
- Transmission planning tools innovation to support accelerated load and generation interconnection

Empower our workforce for the future.

PJM's world-class team is essential to delivering reliability. Empowering this team to deliver this strategy means:

- Training and development to build skill sets to manage an increasingly complex grid and accelerate innovation
- Strengthening workforce-driven process improvement and continuous improvement programs

We will deliver value by ensuring reliable service cost-efficiently.

Finally, PJM knows affordability matters. We recognize the pressure that rising electricity costs place on families and businesses. This means:

- We will act to provide power reliably and cost-efficiently through competitive markets and decisions in planning and operations, while providing insight into PJM and system costs.
- Although PJM does not set retail rates, we will be transparent and accountable for costs that are within our control.

In addition to these priorities, PJM will continue innovating in how we operate and serve the region.

We will maintain a member-informed innovation road map focused on practical, high-impact improvements across operations, planning, markets and stakeholder experience.

In Closing

Reliable electricity is part of the foundation of modern life. It powers our communities, supports economic growth, and enables security and prosperity. PJM takes seriously the magnitude of its responsibilities and its importance to national energy leadership.

This strategy sets PJM's ambition to ensure that foundation remains strong – with clarity, urgency and leadership to strengthen reliability across the region.

Most importantly, the work ahead will require our partnership. We look forward to working with you to strengthen reliability and resource adequacy; support the investments needed in generation, transmission and demand-side resources; and advance policies that sustain a reliable electric system through a period of rapid change.

We will work to inspire your trust through our actions and results. Together, we can ensure that the PJM system works for the millions of people who depend on it.

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