

PJM GOVERNORS' COLLABORATIVE

April 9, 2026

Mr. David Mills
Interim President, CEO, and Chair, PJM Board of Managers
PJM Interconnection, LLC
2750 Monroe Boulevard
Audubon, PA 19403

Mr. Mills:

The undersigned Governors would like to thank you and PJM Interconnection staff for meeting with our collective teams on March 27. We also appreciate your filing to extend the capacity market price collar that has already saved \$13 billion dollars for ratepayers in PJM.¹ We are also encouraged by your efforts to move forward expeditiously on the reliability backstop design to secure truly new capacity resources, and we are eager for PJM to begin reviewing new generator interconnection applications in April as part of the Cycle 1 process.

As discussed on March 27, we encourage PJM to acknowledge that achieving reliability at the lowest cost underpins the very existence of regional transmission organizations (RTOs). Specifically, that FERC's goal in establishing RTOs was to "*...promote efficiency in wholesale electricity markets and to ensure that electricity consumers pay the lowest price possible for reliable service.*"² Balancing both affordability and reliability are foundational to PJM's very existence.

With this in mind, as PJM develops its reliability backstop filing to FERC in compliance with the Statement of Principles, we request that you achieve the following outcomes to protect consumers:

- **Data Centers Must Pay Backstop Capacity Costs.** Preferably, PJM should directly assign costs to new data centers. This would not apply to some vertically integrated states, like Virginia, if the relevant utility commission has already established a rate class for large load customers through which to address cost allocation. Otherwise, costs should be allocated only to relevant load serving entities with new data centers as coordinated through the zone. Data centers in-service after July 1, 2027,

¹ Monitoring Analytics, "2025 State of the Market Report for PJM, Volume 1", March 12, 2026

² See FERC Order No. 2000, December 20, 1999, Docket RM99-2-000

should be considered new.

- **Establish Strong Consumer Protection Mechanisms.** PJM must achieve the following two critical outcomes related to stranded costs and protecting the existing capacity market:
 - **Protect Consumers from Stranded Costs.** PJM should develop strong stranded cost protection mechanisms to ensure consumers and other PJM members are fully protected and do not pay backstop costs if data centers default or PJM over procures capacity. This is in keeping with the White House Ratepayer Protection Pledge, which we strongly support, where participating data centers have agreed to pay the full costs associated with building new power supply and delivery infrastructure, whether they use these assets or not.
 - **Protect Consumers from Inflated Capacity Market Prices.** PJM must protect consumers from inflated capacity market prices by taking new data center loads out of the capacity market starting with the 28/29 auction and securing capacity for these loads through the backstop mechanism, with the understanding that the reliability backstop process is limited in duration to address the resource adequacy shortfall. To prevent undermining the existing capacity market supply that serves consumers, future contracts between new data centers and existing resources that have cleared prior capacity auctions should not exempt new data centers from connect-and-manage or backstop obligations.
- **Create a Connect-and-Manage Program for Reliability.** New data centers that do not cover their full load obligation plus a reserve margin by bringing their own new generation or paying backstop capacity costs must be entered into a connect-and-manage program with mandatory curtailment of these loads to preserve reliability, if needed.
- **Remain Flexible About Near-Term Resource Eligibility.** PJM should remain flexible about resource eligibility and contract term for the 2027/2028 delivery year, given the long lead times for new generation and the imminent reliability shortfall. All resources must be new, additive capacity and should not include capacity that has cleared prior capacity market auctions. PJM must be technology-neutral and inclusive of all resources that can meet unforced capacity needs today, both demand-side and supply-side.
- **Collaborate with the States:** The 13 PJM states and DC are exploring and moving forward with new laws and/or regulations, to protect consumers from data center

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related costs. We request PJM's collaboration and assistance to inform and support these policies.

We appreciate the efforts of PJM Interconnection staff and the Board of Managers for the hard work they are doing to meet the complicated challenges facing the contemporary power sector. We are encouraged by your efforts to balance the needs of the grid while also prioritizing affordability for households and businesses across the region. We expect you to continue to prioritize and protect consumers by achieving the outcomes identified in this letter.

Sincerely,



Governor Matt Meyer
State of Delaware



Mayor Muriel Bowser
District of Columbia



Governor JB Pritzker
State of Illinois



Governor Mike Braun
State of Indiana



Governor Wes Moore
State of Maryland



Governor Mikie Sherrill
State of New Jersey



Governor Josh Shapiro
Commonwealth of Pennsylvania



Governor Abigail D. Spanberger
Commonwealth of Virginia