Understanding and Addressing Energy Affordability in the United States

Mitigating Energy Cost Impacts – Policy and Technology Options

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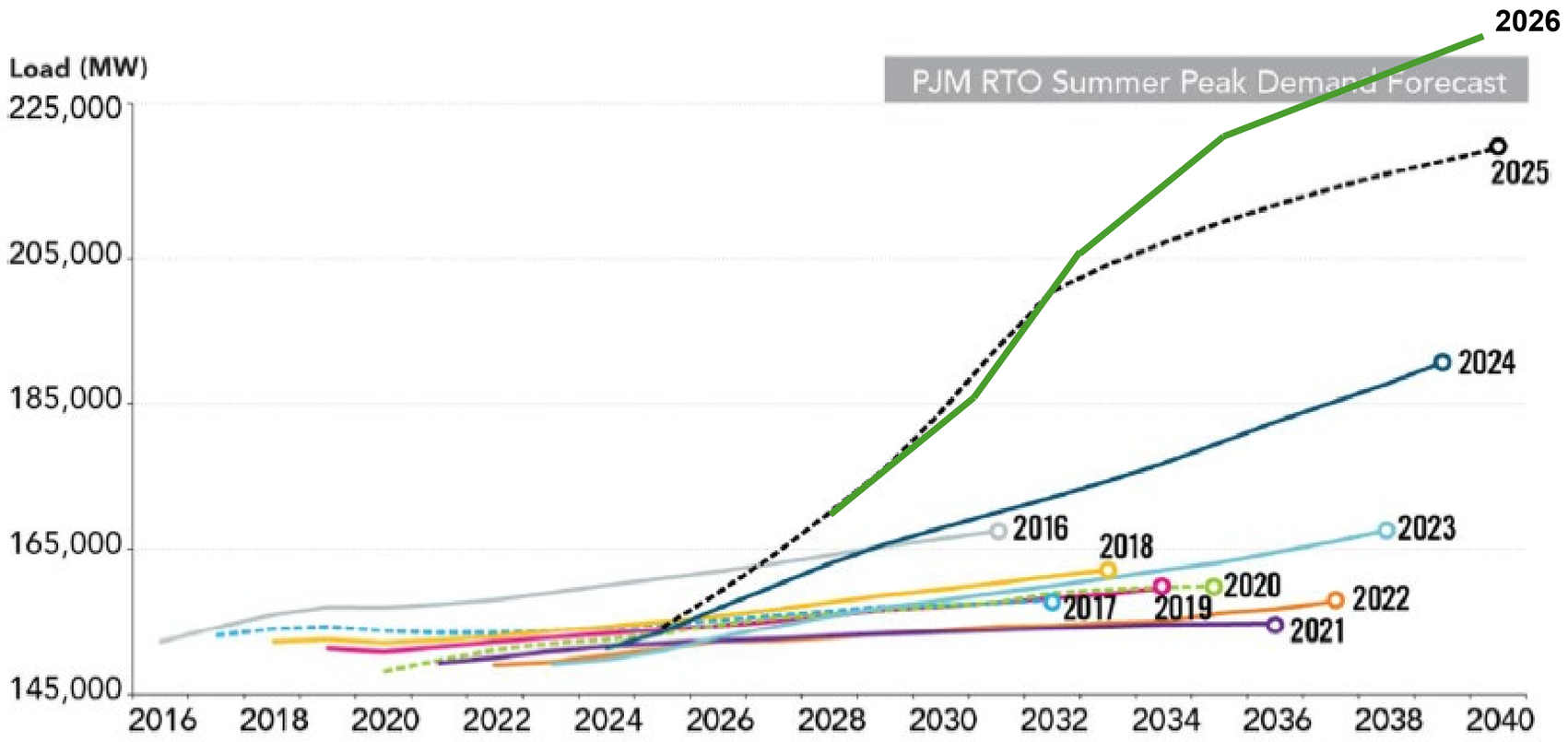
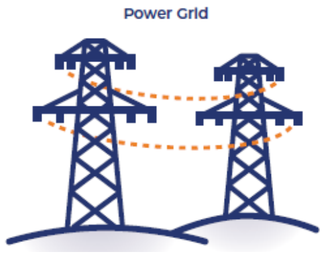
Data Centers = Significant Load Growth

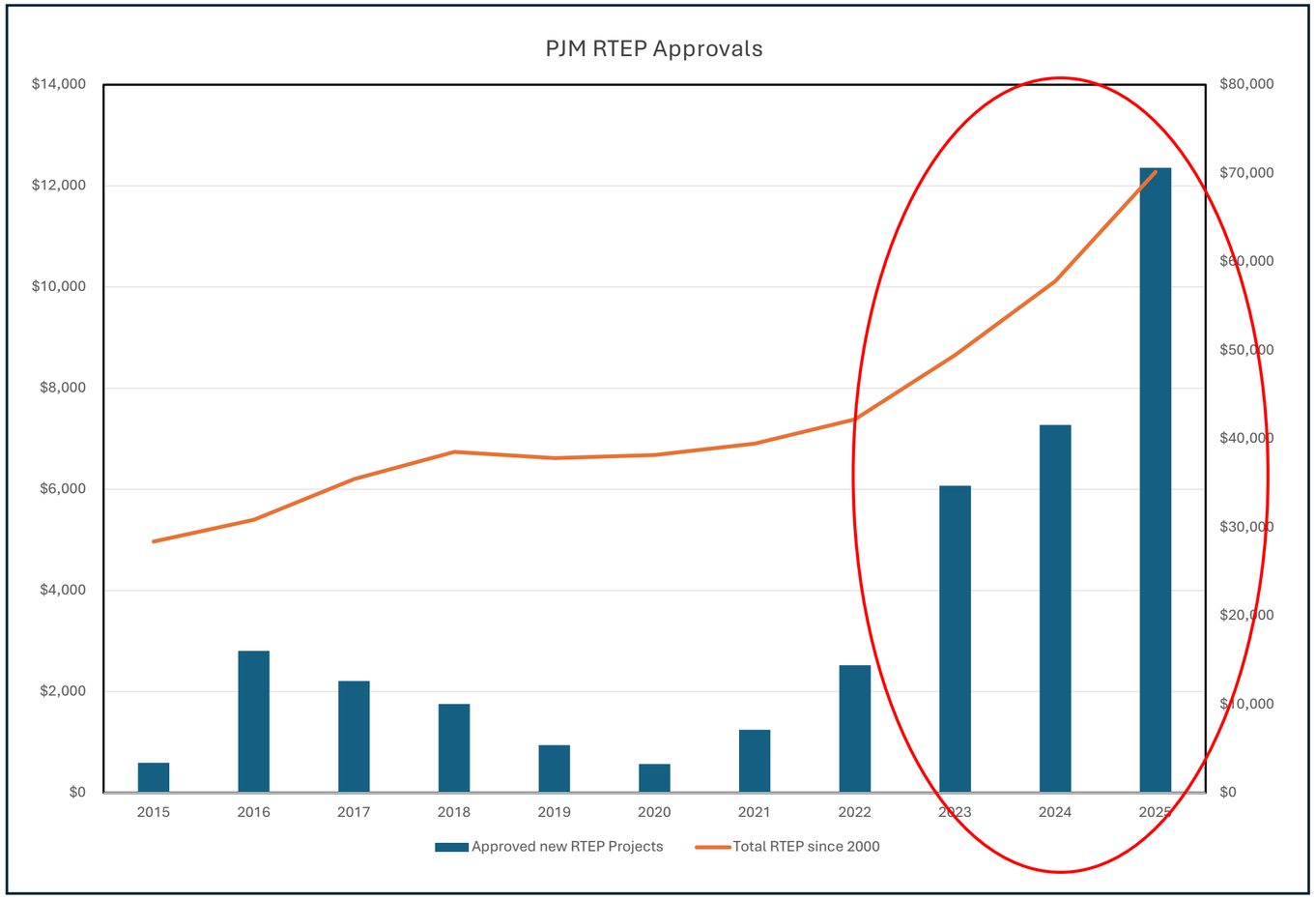
The forecast peak load for the 2027/2028 Delivery Year is approximately 5,250 MW higher than the forecast used for the 2026/2027 capacity auction. Nearly 5,100 MW of that increase is attributable to data center demand.

-PJM News release following the December 2025 Capacity Auction



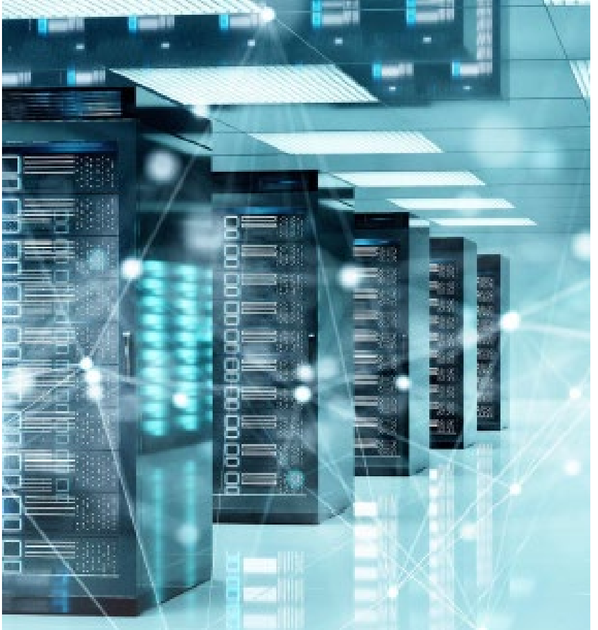


Data Center Load Growth is requiring significant build of new transmission



Delivery Year	Resource Clearing Price	Cleared UCAP (MW)	Cleared MW Times the Clearing Price ($ billion)
2017/18	$ 120.00	167003	$ 7.5
2018/19	$ 164.77	166836	$ 10.9
2019/20	$ 100.00	167305	$ 7.0
2020/21	$ 76.53	165109	$ 7.0
2021/22	$ 140.00	163627	$ 9.3
2022/23	$ 50.00	144477	$ 3.9
2023/24	$ 34.13	144870	$ 2.2
2024/25	$ 28.92	147478	$ 2.2
2025/26	$ 269.92	135684	$ 14.7
2026/27	$ 329.17	134205	$ 16.1
2027/28	$ 333.44	134478	$ 16.4

Load Growth is contributing to higher capacity prices



A State Playbook for Managing Data Center-Driven Load Growth

JOHNS HOPKINS
RALPH O'CONNOR SUSTAINABLE ENERGY INSTITUTE

Energy at Hopkins

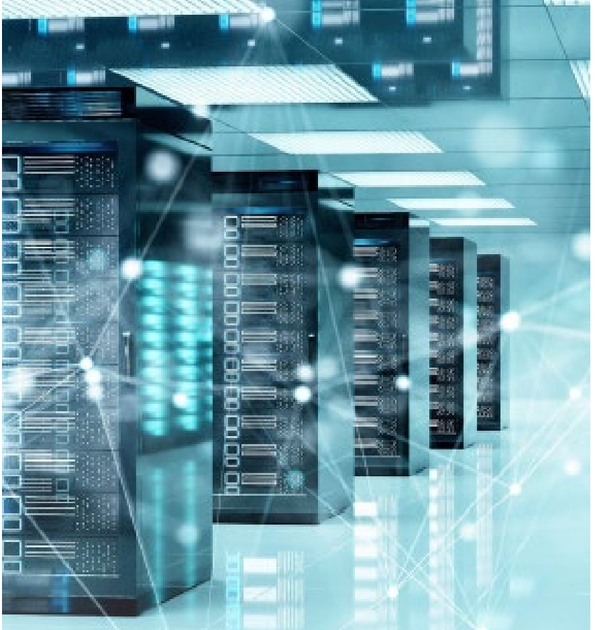
LEVER #1
Improve Administrative Collect Information Collection & Improve Processing of Data Center Requests for New Service

Address Double Counting of Requests	Implement rules, similar to Texas Senate Bill No. 6, which would require data centers to disclose multiple service requests to avoid duplication in utility load forecasts.
Refine Load Forecasting	Refine load forecasting to consider the potential of load growth, recognizing high- and low-probability data center expansions and incorporating requirements such as requiring site control, customer commitments, and up-front deposits to support load forecasts.
Enhance Data Collection	Require data centers to provide comprehensive information in their load application, such as energy usage patterns, load ramp projection, and capability/willingness to curtail usage when the power grid is experiencing stress.
Reform Utility Queuing Processes for Large Load Connections	Create publicly accessible load connection queues and standardized study processes, enhancing transparency and regulatory oversight.

LEVER #2
Clarify the Right of Utility Regulators to Allow PSCs to Tailor Rates to Data Centers

Clarify PSC's role in Establishing Utility Rates for Data Centers	Clarify that Public Service Commissions (PSCs) can establish specific tariffs for data centers, recognizing their unique operational characteristics and impacts to the power grid and other system users.

*Suzanne Glatz is not affiliated with Johns Hopkins but collaborated with Abraham Silverman and Mahala Lahvis in preparing this State Playbook



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LEVER #3
Establish Substantive Requirements for New Data Center Requests

Establish financial commitments for New Data Center Requests	Require financial commitments from data centers to protect against stranded transmission investments, ensuring financial accountability. Commitments might include; minimum contract term, security deposits, minimum billing, notice requirements, exit fees, and other terms tailored the state regulatory needs.
Require Contribution to Grid Modernization Funds	Require data centers contribute to a grid modernization fund to provide ratepayer relief for necessary transmission investment. Fund could be structured to support other state energy policies, such as the deployment of Advanced Transmission Technologies or similar grid modernization initiatives.
Require Flexibility in Data Center Operations	Encourage utilities and regional grid operators to develop and implement flexible tariff rates or interruptible rates that will offer incentives for flexible operations. More flexible operations can avoid or delay transmission investments and aid operators during period of grid stress.
Require Data Center Developers to Fund Research to Enhance Energy Efficiency	Require data Centers to fund or contribute to R&D to enhance the operational efficiency of the data centers and reduce future loading on the grid as the industry continues to expand.
Set Clean Energy Content Requirements	Establish and/or strengthen state decarbonization goals by setting clean energy content requirements that apply uniformly across customer classes, including data centers.
Impose "Bring Your Own" Energy or Capacity Requirements	Require data centers to secure additional generation commitments by a set timeline in order for the new load to be connected and supplied.