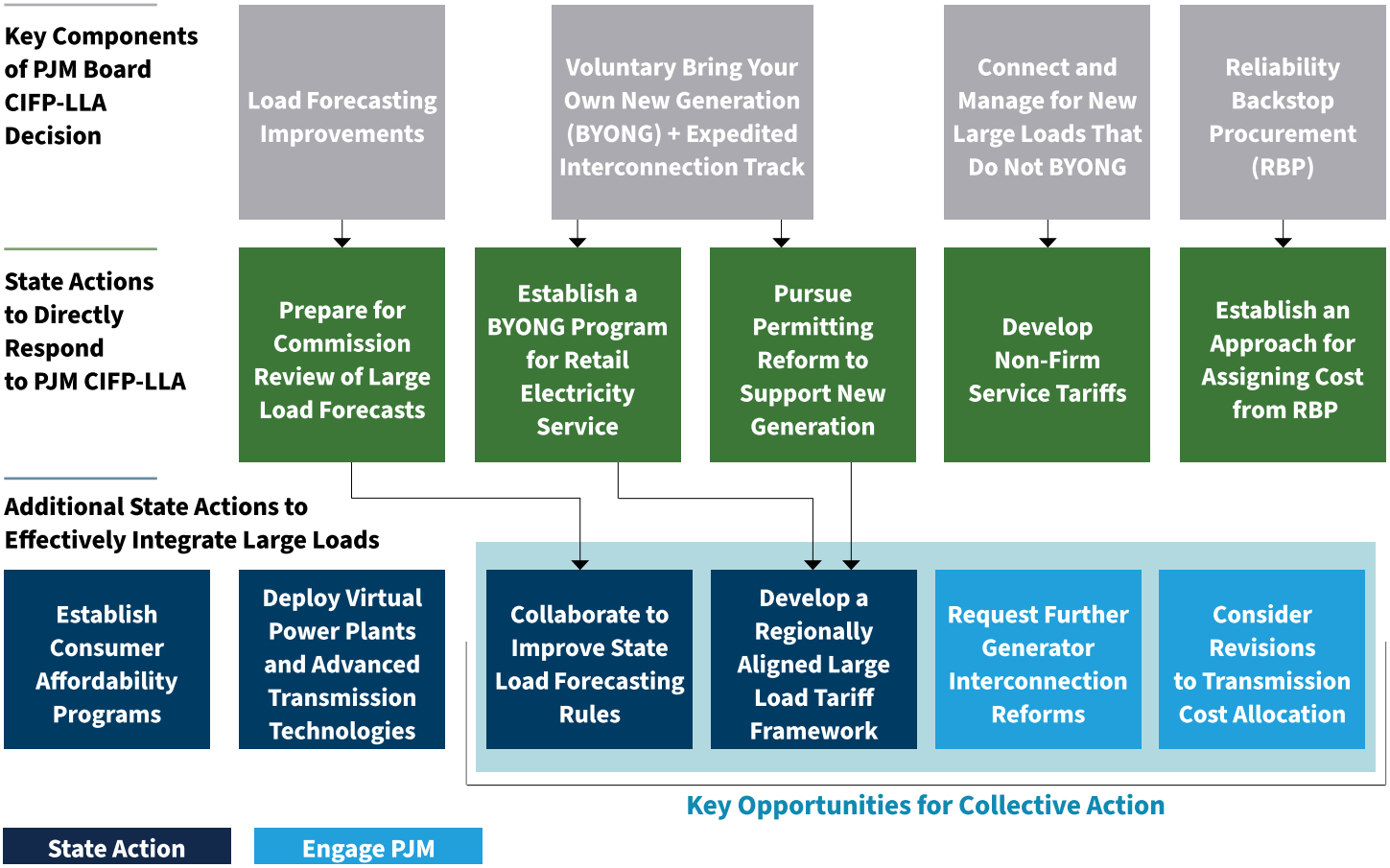
What PJM States Can Do to Ensure Affordable, Reliable Electricity During the Data Center Boom

The impact of a plan by the PJM Board (CIFP-LLA) related to large load integration will be shaped by whether states work in individual and coordinated ways to implement fast, durable solutions at the retail-level.

On January 16, 2026, the PJM Board shared a plan to address challenges emerging from the surge of new large electricity customers. Earlier the same day, the Energy Dominance Council and the governors of 13 PJM states unveiled a statement of principles that included a commitment to "use their authorities to allocate costs to data centers and protect residential customers."

The PJM plan provides a regional framework for managing rapid large load growth, but states will play a critical role in defining how costs are allocated and risks are distributed to individual customers. **States have several high-impact levers to maximize the benefits of PJM's plan, while advancing durable approaches to large load integration.**

PJM State Actions to Affordably Integrate New Large Loads



Deeper Dive

What's Happening in PJM

The PJM region (which covers over 65 million people across 13 US states and the District of Columbia) is projected to experience among the highest load growth in the United States by 2030, with an estimated 30 GW of new electricity demand hoping to connect to the grid.

At the same time, PJM has come under scrutiny for its slow generator interconnection timelines and capacity market clearing prices that have risen tenfold over the past three auctions. As a result, both PJM and policymakers in member states are seeking creative solutions that enable new load and new supply to interconnect to the grid faster and more affordably.

In response, PJM initiated the Critical Issue Fast Path for Large Load Additions stakeholder process in 2025. This resulted in the plan PJM shared January 2026. It aims to prevent data center demand from driving up electricity costs or causing outages from insufficient power supply, and provides a solution framework that:

1. Revises regional load forecasting practices,
2. Encourages bring-your-own resource options,
3. Introduces a load "connect and manage" approach, and
4. Proposes a new "reliability backstop" capacity auction.

What States Can Do

While states can act independently, the scale of the challenges and the realities of regional market participation call for **multi-state coordination**. Aligning load forecasting approaches, determining critical tariff provisions, shaping backstop auction design, activating broader interconnection reform, and investigating cost allocation methods will require sustained, collective engagement. Through proactive regulatory and policy solutions, PJM states can transform large load integration into a vehicle for supporting ratepayer and state interests.

Coordinate large load forecasting improvements

Clear commitment thresholds, transparency requirements, iterative validation, and incorporation of load flexibility can reduce duplicative requests and uncertainty in load projections.

Impact
More certain forecasts can lower the risk of unnecessary investments and higher regional market prices that raise ratepayer bills.

Regionally align large load tariffs

Large load tariffs can harness flexibility, enable large loads to fund dedicated resources, and establish ratepayer safeguards.

Impact
Shared tariff principles focused on minimizing risk could reduce cost shifting and system costs.

Unlock supply and grid capacity

Permitting reforms, along with policies enabling virtual power plants and advanced transmission technologies, can accelerate supply deployment and extract value from existing infrastructure. Collective calls for PJM to further reform generator interconnection can also help increase supply.

Impact
More grid and generator capacity can increase affordability for ratepayers by lowering transmission costs and market prices.

See RMI's full companion brief with detailed coverage of actions states can take in response to PJM's CIFP-LLA plan and large load growth.

See RMI's Large Load Tariff Dashboard for research on tariff design and large load integration.