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ONE HUNDRED NINETEENTH CONGRESS

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COMMITTEE ON ENERGY AND COMMERCE

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September 28, 2026

The Honorable Laura V. Swett
Chairman
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

RE: Docket Nos. ER26-3380, ER26-3515

Dear Chairman Swett:

I write in reference to two recent proposals from PJM designed to help shield Americans from the skyrocketing energy costs from power-hungry data centers. While I support many of the provisions included in the proposals, I am concerned that they do not go far enough and believe the Federal Energy Regulatory Commission (FERC) should use its authority to improve PJM's proposals to protect families across the mid-Atlantic region. While these proposals are not sufficient by themselves, they represent an important and necessary step to protect Americans' access to affordable and reliable electricity, and I urge FERC to approve them in part, with a few important exceptions.

Americans are deeply frustrated and concerned that the rapid and unceasing development of data centers is driving up their monthly energy bills. At the end of the day, protecting Americans' power bills is FERC's responsibility. While the Commission has initiated potentially promising actions that would impact roughly two-thirds of the nation, it is not enough.

Last year, Energy Subcommittee Ranking Member Kathy Castor and I wrote the Commission to warn how data centers could make electricity unaffordable to Americans, and I urged FERC to take immediate action to protect ratepayers and ensure that data centers paid their fair share.[1] Since then, the situation has only worsened. Data centers are responsible for an increase in PJM capacity market costs of nearly $30 billion since the summer of 2024 – costs

[1] Letter from Frank Pallone Jr., Ranking Member, House Committee on Energy and Commerce, to Laura V. Swett, Chairman, Federal Energy Regulatory Commission (December 5, 2025).

that my constituents will ultimately have to pay.[2] Demand for electricity over the next decade is expected to explode – PJM is forecasting a roughly four percent increase in peak demand **each year**, driven almost entirely by the massive growth in data centers.[3]

Under PJM's proposals new data centers would have to pay for their own generation capacity and data centers that do not develop their own new generation capacity would be the first ones to have their lights shutoff in the face of larger grid issues. The second proposal is precisely in line with one of the principles I suggested last year to FERC.[4] While I have concerns that the specifics of PJM's proposals are insufficient to grant ratepayers the protections they need, broadly these core concepts are deeply necessary, and FERC should work to implement and improve them as quickly as possible.

I support one key idea across both PJM's Reliability Backstop Procurement (RBP) and Interim Resource Adequacy Service (IRAS) – ensuring that data centers are responsible for bringing new generation capacity to the grid. Data centers are largely responsible for PJM's current reliability and cost crisis. The only way out is more generation, and the data centers responsible for PJM's issues should be the ones responsible for finding and incentivizing generation to fix those issues.

I also want to express my support for PJM's proposed allocation of costs for its RBP auction to wholesale electricity customers. While FERC largely lacks the authority to allocate costs directly to data centers, it must get as close as it can – by allocating costs not to the entire PJM region, but to the zones that are fueling data center growth. New Jersey ratepayers have not caused PJM's current reliability issues, and therefore data center owners and operators should pay to fix the system they are largely responsible for breaking.

Regardless of whether FERC decides to accept the broader IRAS filing, it must retain a critical provision to exclude any future data center load that refuses to procure its own generation capacity from PJM's capacity auction. Last year, my constituents saw an outrageous 20 percent increase in their power bills, fueled by skyrocketing prices in PJM's capacity market.[5] Over 90 percent of the increased demand PJM expects to see on its system by the end of the decade is from data centers, and excluding data centers that do not partner with generation capacity will help prevent my constituents from a future price shock even worse than the one they have experienced over the past 18 months.[6]

Unfortunately, PJM's proposed approaches are incomplete. The RBP only covers the approximately 6.8 gigawatt gap between PJM's reliability targets and recent generation capacity

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[2] Monitoring Analytics, LLC, *State of the Market Report for PJM: January - June 2026* (Aug. 2026)

[3] PJM Interconnection, *2026 PJM Load Forecast Report* (Jan. 2026).

[4] *See* note 1.

[5] *New Jersey Residential Customers Face 20% Bill Hikes, Driven by PJM Capacity Prices: BPU*, UtilityDive Feb. 13, 2025).

[6] Letter from David E. Mills, Chair, PJM Board of Managers, to PJM Stakeholders (Aug. 8, 2025).

auctions. It does not cover the broader demand imposed by existing and soon-to-come-online data centers upon PJM's energy and capacity markets that have caused PJM prices to skyrocket since last June. It is those data centers that are responsible for the increases in my constituents' electricity bills over the last few years – not data centers that will not come online until 2028 or later. I strongly believe the costs for procuring all additional generation capacity for data centers should be allocated to zones with large amounts of data center-driven load growth instead of across PJM as a whole.

Similarly, provisions of the IRAS proposal do not go far enough to protect consumers. PJM's requirement that new data centers bring their own new generation capacity effectively turns off and resets if PJM can meet its reliability requirement for three years in a row. Given the Commission's goal of protecting ratepayers and providing American households with a stable power grid, letting new data centers off the hook after three years without a crisis does not meet the moment. If passing data center costs onto other customers is unjust and unreasonable now, it would still be unjust and unreasonable in three years – FERC must reject that part of PJM's proposal. Likewise, PJM's proposal to compensate new data centers for their downtime due to grid instability caused by those very same data centers fails to grant ratepayers the protection they need. I echo the New Jersey Board of Public Utilities' proposal to strike the compensation mechanism from IRAS.[7]

While I commend PJM on its proposal to establish a registry of large consumers of electricity (including data centers), that registry – or as much of it as possible – must be public. A registry of large consumers of electricity would be invaluable for improving forecasts of electricity demand, which even PJM has noted needs drastic improvement.[8] But that is not all. Over the last year, Americans have become increasingly concerned over the air, water, and noise pollution issues represented by data centers. Instead of responding with transparency, data center developers and utilities have attempted to wield non-disclosure agreements to block information on data center developments from the public view. In one instance earlier this month in Arkansas, a utility attempted to sue a newspaper for publishing information about the utility's involvement in a data center project.[9] Making PJM's registry as public as possible, while still mandating participation from data centers and other large consumers of electricity, would go a long way in providing the transparency around data centers that we desperately need. A public registry is also the only way of facilitating public confidence in the many differing commitments Big Tech companies have made to not increase residential electricity rates. The public must have access to data center-specific information on capacity, peak-shaving or demand response agreements, and any arrangements a data center has made to bring its own generation capacity.

Finally, while PJM has gone as far as it can under FERC's current jurisdiction to ensure that data centers are responsible for the costs they impose upon the grid, the ultimate authorities

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[7] *PJM Interconnection, L.L.C.,* Supportive Comments and Limited Protest of the New Jersey Board of Public Utilities, Docket No. ER26-3515-000 (Sep. 3, 2026).

[8] Letter from David E. Mills, Chair, PJM Board of Managers, to PJM Stakeholders (Jan. 16, 2026).

[9] *How NDAs Keep AI Data Center Details Hidden from Americans*, NBC News (Oct. 28, 2025); *Judge Refuses to Block Arkansas News Reporting on Google Data Center Energy Documents*, CNBC (Sep. 2, 2026).

that make that guarantee are state ratemaking authorities. FERC must ensure as a part of its decisions in these filings that PJM, load serving entities, transmission owners, and the data centers themselves provide state regulators with enough information to properly allocate any costs resulting from data centers. If state regulators do not have the right information, then I fear American families will be left on the hook for Big Tech's investments.

I urge FERC to make these important improvements to PJM's proposals and approve the proposals as amended as quickly as possible, and to act expeditiously in its related show-cause orders for grid operators around the country. If FERC gets this right, then it will have granted American families a measure of protection from the costs imposed by data centers. If the Commission falls short, then American families will pay the price. I hope FERC takes these suggestions for improvements to PJM's proposals seriously, and I stand ready to work to keep electricity affordable and reliable across the country.

Sincerely,

Frank Pallone, Jr.

Frank Pallone, Jr.
Ranking Member

cc: The Honorable David Rosner
Commissioner
Federal Energy Regulatory Commission

The Honorable Lindsay S. See
Commissioner
Federal Energy Regulatory Commission

The Honorable Judy W. Chang
Commissioner
Federal Energy Regulatory Commission

The Honorable David A. LaCerte
Commissioner
Federal Energy Regulatory Commission