



NEW JERSEY GENERAL ASSEMBLY

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President, Chair, & CEO Larossa; President Mokoid; President & CEO Anthony; President & CEO O'Connell:

We are a group of New Jersey legislators writing to urge you to use your voting powers and influence at PJM to address rising electricity rates and reliability challenges resulting from large load additions and their projected growth. Large load additions, like data centers, mostly located outside of New Jersey, have already increased costs for customers in New Jersey and those increases will rise drastically in future years without significant policy changes at PJM. While data centers play an important role in national security and economic development, their growth must be incorporated in a way that ensures that New Jersey ratepayers are not forced to subsidize them.

Customers are experiencing an energy affordability crisis. Substantial increases in distribution rates for gas and electric service over the last decade are now being compounded by added costs resulting from large load growth—costs that will grow drastically if data centers and data center projections are allowed to shift the billions in investments necessary to support their overwhelming energy needs to residential customers. Your influence and votes in the PJM processes are necessary to prevent residential customers from subsidizing actual or forecasted large load growth. We appreciate your timely response.

PJM's independent market monitor estimates that existing and projected data center demand growth increased the costs of the last two capacity market auctions by \$16.6 billion, and the NRDC projects that costs will increase to over \$165 billion by 2033 unless we take action now. Further, over the past two years, PJM has obtained federal approval for regional transmission upgrades of approximately \$12 billion primarily to support data center demands. More than half of those costs will be paid by customers across PJM. Existing customers also are paying for local transmission projects to support data centers and increased energy costs.

PJM has several ongoing processes that will affect whether large load additions pay their full costs and impact reliable service for existing customers, including the current Critical Issues Fast Path (CIFP). In that process, all the presenters have been asked to explain how their proposals protect residential customers from experiencing higher costs because of large load growth, while also protecting existing customers from having their service disrupted. PJM also is reviewing requests from utilities to include massive, additional new large load in its forecast for 2026. That forecast will significantly impact future capacity market auctions and transmission planning—and therefore costs for customers.

As a public service company with government-granted benefits of an exclusive franchise and government protection from competition, you have a special obligation to advance the interests of your existing New Jersey customers at PJM. That obligation includes advancing policies at PJM that ensure that your New Jersey customers do not bear the massive costs associated with data center load growth, real or projected, as well as ensuring that safe and reliable service for existing customers is not jeopardized as a result of data center load growth. It means supporting policies that assign data center costs to data centers, reliability risks to the large loads creating those risks, and ensuring speculative and uncertain forecasts of data center load do not become a vehicle to increase existing customer costs and risks of stranded investments.

Please also note that *P.L. 2025, c. 129 (C.48:2-16.5)* requires that you submit a record of your PJM votes to the New Jersey Board of Public Utilities. This ensures transparency and accountability for how those votes affect New Jersey ratepayers.

We also ask that you provide a summary of the positions that you are supporting in CIFP and large load adjustment processes underway at PJM. Specifically:

- Please explain what proposals you are supporting in the CIFP.
- How do they ensure that residential customers' service is not interrupted because there is insufficient generation to serve the new large load additions?
- How do they ensure that additional capacity and energy market costs caused by new large load additions are not incurred by residential customers?
- Have you assessed the impact on your customers of forecasted large load additions on energy and capacity market costs?

- How do proposals you are supporting address the risk of planning transmission projects based on projected new data center load that does not materialize on the projected schedule?
- What planned transmission projects are the result of large load additions, what additional transmission projects are expected because of the additional large load additions, and what are the bill impacts for your residential customers because of these projects?

Signed,

Assemblyman Rob Karabinchak (District 18)

Assemblyman David Bailey, Jr (District 3)

Assemblywoman Heather Simmons (District 3)

Senator John Burzichelli (District 3)

Assemblyman Dan Hutchison (District 4)

Assemblyman Cody D. Miller (District 4)

Senator Paul D. Moriarty (District 4)

Senator James Beach (District 6)

Assemblywoman Margie Donlon (District 11)

Assemblywoman Luanne Peterpaul (District 11)

Senator Vin Gopal (District 11)

Senator Linda Greenstein (District 14)

Assemblywoman Verlina Reynolds-Jackson (District 15)

Assemblyman Anthony Verrelli (District 15)

Senator Bob Smith (District 17)

Assemblyman Sterley Stanley (District 18)

Senator Patrick Diegnan (District 18)

Senator Joseph Cryan (District 20)

Assemblyman James Kennedy (District 22)

Assemblywoman Rosy Bagolie (District 27)

Assemblywoman Garnet Hall (District 28)

Assemblywoman Cleopatra G. Tucker (District 28)

Assemblywoman Shanique Speight (District 29)

Assemblyman Alexander “Avi” Schnall (District 30)

Assemblywoman Barbara McCann Stamato (District 31)

Assemblyman William B. Sampson IV (District 31)

Senator Angela V. McKnight (District 31)

Assemblywoman Jessica Ramirez (District 32)

Assemblyman Julio Marengo (District 33)

Senator Brian Stack (District 33)

Assemblywoman Carmen T. Morales (District 34)

Senator Britnee N. Timberlake (District 34)

Senator Paul A. Sarlo (District 36)

Assemblywoman Shama Haider (District 37)

Senator Gordon M. Johnson (District 37)

Assemblywoman Lisa Swain (District 38)

Assemblyman Chris Tully (District 38)

Senator Joseph A. Lagana (District 38)