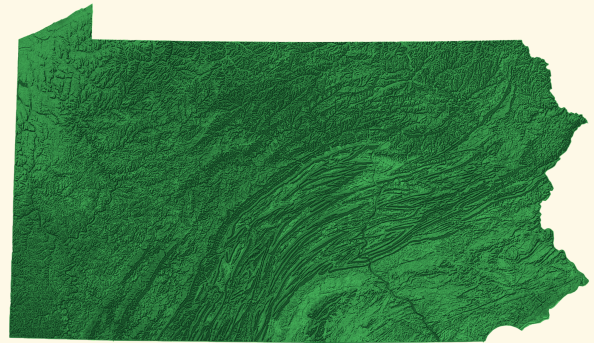


Pennsylvania Can Cut Energy Costs by Fighting Outdated PJM Rules

Every Pennsylvanian should have access to affordable clean energy. But

instead, energy costs are going up because PJM—the electric power grid operator for the region—cannot connect clean energy projects to the grid fast enough. We are experiencing unprecedented energy demand from data centers, and the status quo is not working. Accelerating the buildout of new generation resources will be necessary to avoid drastic increases in energy costs.



Mismanagement by PJM is set to **spike electric bills by almost 60 percent** over the next 10 to 15 years. Essentially, PJM's broken process is preventing developers from building new, low-cost power plants. This is creating an ongoing cost crisis and inflating the profits of fossil fuel generators and utilities at the expense of families and businesses. PJM now faces an inflection point: reform the interconnection queue or risk an energy cost crisis.

A [new report](#) from Synapse Energy Economics makes the stakes clear. **If PJM continues to slow-walk reform, Pennsylvania households will pay 69 percent more on their electricity bills in the long term than they do today. If, instead, PJM adopts new policies to connect projects to the grid faster, we can bend the cost curve on electricity bills.**

Energy Cost Savings

New generation sources are sorely needed to meet demand growth and avoid cost increases. And over 90 percent of the projects waiting in the queue are clean energy because it is the [cheapest option](#). Building new wind and solar is now less expensive than building new fossil fuels or operating many existing coal and gas power plants—and can be done much more quickly. That’s why customers will save so much money if PJM unclogs the interconnection queue and allows new clean energy projects to come online. Accelerating the interconnection process will lead to:

- **Lower bills for households:** Pennsylvania households will save \$500 per year on average through 2040, compared to the status quo;
- **Avoided cost hikes:** Interconnection reform will help prevent a nearly \$1,200 increase in annual household bills in the next 10 to 15 years compared to today’s costs; and
- **Lower costs for businesses:** Businesses will save an average of 20 percent on their electricity bills compared to the status quo.

Jobs, Jobs, Jobs

Unclogging the queue allows construction to happen faster, which creates more energy jobs. PJM interconnection reforms will unlock 170 gigawatts of additional clean energy beyond status quo deployment over the next 15 years across the region. That’s equal to 80 percent of the total capacity of power plants online today. **In Pennsylvania, that additional deployment will create 4,900 direct jobs and 32,600 additional indirect and induced jobs from increased income and reduced costs.**

If PJM unclogs the queue, Pennsylvania households will save \$500 per year on average and gain nearly 38,000 jobs.

Pollution Reductions

Unclogging the interconnection queue will also help address the climate crisis by accelerating clean energy growth. PJM reforms would result in **14 percent lower cumulative carbon pollution** through 2040 across the region.

Policy Context

PJM runs the process for approving the connection of new generators to the grid. To connect proposed projects, developers must submit an interconnection request to PJM. PJM then studies the impacts of the new resource, identifies any necessary grid upgrades, and collects fees to cover the upgrades. In recent years, PJM's outdated processes have been overwhelmed by rising levels of interconnection requests, leading to a five-year backlog. While the need for new power is rising across the country, PJM ranks as the worst grid operator due to its long timelines and lack of transparency. As a result, energy costs are rising, and PJM has provided no real plan for bringing costs back down. While other grid operators are overhauling their processes to speed up deployment, PJM's proposed reforms miss the mark and fail to make meaningful changes.

Key Policy Changes

PJM can unclog the queue to cut costs for customers by implementing the below reforms:

- **Review requests faster:** Set mandatory study timelines at 150 days, in line with rules from the Federal Energy Regulatory Commission. Implement study automation, following the leadership of other grid operators, to speed up the process even further;
- **Consider all technologies:** Create a level playing field for energy storage, which currently is disincentivized by outdated assumptions in the

interconnection process. Study a range of alternative transmission technologies that can reduce interconnection costs; and

- **Use slack in the existing grid:** Make it easier for developers to use interconnection rights held by existing and retiring power plants. Create a fast track for projects in regions with available transmission headroom.

Pennsylvania's Role

States have the power to move PJM toward better policies. Until now, PJM has catered to the interests of the companies that own existing fossil fuel power plants, who benefit from high prices and constrained electricity supply.

Pennsylvania and other states in the region can stand up for working families and businesses by pushing PJM to adopt these critical reforms. Pennsylvania has already started this process by winning a fight with PJM over its recently planned capacity market auction, which would have raised costs significantly across the region. Pennsylvania's intervention will save customers \$21 billion over two years.