

Select Market Overviews

Data center development has historically been geographically concentrated in a handful of regions.⁵² Each operates under distinct regulatory and market frameworks with structural differences that meaningfully shape how

large load growth affects wholesale markets, retail rate design, and cost allocation. The following overviews compare and contrast these impacts in more depth for PJM, ERCOT, Georgia, Arizona and Missouri.

PJM Overview

Market Structure and Risk Allocation

PJM operates a centralized wholesale electricity market across 13 Mid-Atlantic and Northeastern states and the District of Columbia. Generation is competitive, with revenues derived from both the energy market and capacity market payments. Transmission infrastructure is planned regionally by PJM but owned and operated by regulated transmission utilities, with costs generally recovered through rates approved by state and federal regulators. Load-serving entities (LSEs), including utilities and competitive retail suppliers, are responsible for procuring capacity and energy to meet customer demand.

PJM's market structure distributes risk across multiple market participants. Generation investment risk is borne largely by private developers, who rely on capacity and energy market revenues to recover costs. However, unlike energy-only markets, PJM's capacity construct shifts some long-term resource adequacy risk to LSEs and, ultimately, retail customers, as capacity procurement costs are typically passed through to end users depending on retail rate design and regulatory frameworks.

For network and generation capacity needed to serve large loads, risk is shared between developers, LSEs, and customers. Transmission upgrades required for interconnection are identified through PJM's interconnection process, with

a significant portion of costs directly assigned to the interconnecting generator or load. However, broader regional transmission upgrades and capacity procurement costs are often socialized across all customers.

The primary risks posed by large loads such as data centers in PJM relate to (1) upward pressure on capacity prices in a tightening supply-demand environment, and (2) potential cost socialization through capacity and transmission charges. These risks are partially mitigated through interconnection cost assignments, evolving large load integration reforms, and procurement and hedging strategies employed by LSEs.

Scale of Growth and Market Trends

PJM has experienced increasing projected load growth driven by data centers, industrial expansion, and electrification. The region includes several of the largest data center markets in the world, most notably Northern Virginia, which has seen sustained and concentrated data center development. Recent PJM forecasts indicate a notable increase in peak demand, reflecting the growing influence of large load customers.

⁵² CBRE. (2026, February 25). North America data center trends H2 2025. CBRE. <https://www.cbre.com/insights/books/north-america-data-center-trends-h2-2025>