On the demand side, PJM has also created "Critical Issue Fast Path" (CIFP) which is an accelerated stakeholder process to reform the large load integration process, and has proposed three potential market design frameworks. Other measures for consideration include curtailment obligations, contractual commitments to reduce speculative load in capacity planning, and expedited interconnection for loads paired with generation (i.e., "bring your own generation") to further help alleviate supply constraints. Moreover, PJM has noted that current load forecast is likely elevated and it expects to see a reduction in forecasted demand as it reforms its forecasting approach to further align its future load forecasts with expected realities.

Risk mitigation can also be embedded into rate design as previously discussed to reduce the potential of stranded assets if projected load doesn't materialize or underperforms. In addition, utilities can manage exposure through hedging and other procurement strategies to limit price volatility and risk.

State Governors and the White House are closely scrutinizing this issue and in January 2026, released a "Statement of Principles Regarding PJM" to PJM and FERC, outlining a set of suggested emergency reforms to address capacity shortages and mitigate future price increases. These included providing 15-year revenue certainty to new generation (such as via a Reliability Backstop Auction, or "RBA"), allocating costs to data centers that have not self-procured or agreed to be curtailable, extending the price collar to the next two auctions, improve load forecasting to avoid building for speculative loads, and accelerate generator interconnection studies especially for resources in the backstop auction.[68]

In April 2026, PJM responded to the Statement of Principles Regarding PJM with its own proposal that provides more details about the proposed Reliability Backstop Auction.[69] Specifically, PJM proposes a one-time additional capacity procurement measure to address the rising gap between forecasted load and delivered capacity.

- **Bilateral Contracting Stage:** A first step establishes a bilateral contracting phase (planned for September 2026 through March 2027), where PJM acts as confidential matchmaker between interested parties and aims to keep as much additional capacity and newly procured power outside of the auction framework.[70]
- **Central Procurement Structure:** Any parties unable to contract their capacity through bilateral contracting are allowed to bid into a second, centralized, pay-as-bid auction in 2027 to procure the remaining resources. PJM will act as counterparty on behalf of Electric Distribution Companies estimating around ~15 GW of new capacity procured in this auction.[71]

The proposed backstop auction is attractive for generators due to the long-term capacity revenue security, and it would support the procurement of additional capacity that cannot be procured under the normal, price-capped regular capacity auction. This would help ease some of the supply constraints in PJM. However, this new measure would not solve other key bottlenecks such as equipment and interconnection queue backlogs. The tight June 2031 interconnection deadline also means that many of the current parties interested in developing new capacity are unable to participate, which would limit the amount of new capacity procured in the backstop auction. Relating to auction design, the 2-15-year capacity contracting schedule would lead EDC's to adjust their large load rates and implement requirements to post larger securities and enter long-term offtake agreements. This would allow EDCs to reduce the risk of sudden exits of large loads, which would negatively impact ratepayers. When it comes to capacity price impacts, the longer term contracting option and revenue security of the RBA will likely mean that average bid prices are lower than they would be if the current regular annual auctions were uncapped. Whether average prices fall below the price cap or the individual pay-as-bid price range remains uncertain and requires further quantitative analysis. The impact of this backstop auction on regular capacity auction prices also remains unclear and will depend on the remaining gap between load forecast and procured capacity.

Independent of the uncertain outcomes of the Reliability Backstop Auction and potential PJM market reforms, capacity prices will continue to be driven by multiple factors in addition to load growth such as the pace of new generation interconnection, retirement schedules and market design choices. It's important to note that capacity prices are only one category of costs that impacts retail rates, and utilities ultimately allocate costs across different rate classes to determine the final impact on rates and requires careful considerations.

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68 U.S. Department of Energy. (2026, January 15). *Statement of principles regarding PJM* (PDF). U.S. Department of Energy. https://www.energy.gov/documents/statement-principles-regarding-pjm

69 PJM Interconnection. (2026, April 16). *Critical Issue Fast Path – Reliability Backstop Procurement PJM Proposal* (PDF). https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/2026/20260416/20260416-item-05---pjm-reliability-backstop-procurement-proposal---paper.pdf

70 By allowing resources and loads to contract outside the regular market, this eases the pressure on Electric Distribution Companies (EDCs) to deal with long-term off-take and procurement risk as well as ratepayer impacts for a potentially important percentage of new load and capacity.

71 The auction is scheduled as pay-as-bid for contract terms ranging from 2 to 15 years. Bidders must have a commercial operation date no later than June 1st, 2031. Any entity contracted through this mechanism will automatically be added to the regular capacity auctions for the duration of its contracting period and paid at their initial clearing price. This is akin to a Contract for Difference (CfD) structure, where the entity is paid more than the regular auction price, if its contract value sits above and less in case that it sits below the annual clearing price.