



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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CONTACT: Jim Chilsen
312-263-4282 (w), 312-513-1784 (c)

CUB: CAPACITY MARKET PRICES REFLECT NEED FOR DATA CENTER REFORM

After a third straight auction marked by unacceptably high prices, it is painfully obvious that our capacity market is breaking under the weight of data center demand and a dysfunctional interconnection queue. Even worse, since the auction results fell below the reliability requirement, consumers are getting the worst of all worlds: paying more money for reduced electric reliability, while existing generators get a windfall. These results ramp up the urgency for decisive action from both PJM Interconnection and individual states, such as Illinois, to rein in runaway data center-related energy demand and protect customers from future price spikes. Data center companies are among the wealthiest in the world, and it is simply unconscionable that customers should pay unbearably high power costs to foot the bill for data center energy guzzling. This is a historic moment that requires action and leadership from PJM and the states in defense of electric customers. What's good for reliability is good for affordability: Data centers must be held accountable for their own costs.

Without real reforms, in just a few years 67 million electric customers in the PJM footprint could face rolling blackouts and an escalation of power bills that make the current price spikes seem tame. While there is a long list of actions that are required, these reforms are at the top of the list:

- PJM should extend the lower price cap to protect customers, and eliminate any price floor.
- PJM and states should require data centers to bring their own new clean energy.
- States should require that data centers operate under maximum energy efficiency and assign data centers into a special rate class to make sure those facilities, and not everyday customers, are paying for data center-related upgrades to the distribution system.

—CUB Executive Director Sarah Moskowitz

Background:

- On Wednesday, Dec. 17, PJM Interconnection, a “Regional Transmission Organization,” announced the results of an auction to determine the price for reserve power, or “capacity.” PJM is the largest grid operator in the country, serving 67 million customers across all or parts of 13 states and the District of Columbia (including Commonwealth Edison’s 4.2 million customers).
- The auction (technically referred to as the “Base Residual Auction”) was held Dec. 4-10. It set a capacity price of \$333.44 per Megawatt-day, which will be in effect from June 1, 2027 through May 31, 2028.
- Capacity costs are payments consumers make to power generators—the companies that own power plants. These costs are a key component (roughly 20 percent) of the price ComEd customers pay for electricity. ComEd has not yet announced how this will impact its supply price in June of 2027.
- Like last year, the capacity cost hit a price cap negotiated by Pennsylvania Gov. Josh Shapiro. The price is more than 11 times higher than what the price was for 2024-2025. That price cap is set to go away after this auction, when a status quo, higher price cap is reinstated.

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309 W. Washington St., Suite 800, Chicago, IL 60606
Phone (312) 263-4282 | **Toll Free** 800-669-5556 | **Fax** (312) 263 4329

- Capacity auction prices in recent years:
 - **2024-2025:** \$28.92 per MW-day
 - **2025-2026:** \$269.92 per MW-day (record) [The prices for the 2025-26 auction were even higher in two eastern sections of PJM: The Baltimore Gas and Electric (BGE) zone in Maryland (\$466.35 per MW-day) and in the Dominion zone in Virginia and North Carolina (\$444.26 per MW-day.)]
 - **2026-2027:** \$329.17 per MW-day (record)
 - **2027-2028:** \$333.44 per MW-day (record)
- Electricity demand from proposed data centers is the primary reason for the spike in prices for residents living in PJM states, according to PJM's Independent Market Monitor. Natural Resources Defense Council (NRDC) has estimated that without reforms, capacity costs could total **\$163 billion cumulatively** from 2028 through 2033 (including \$21.4 billion for ComEd territory in northern Illinois). That translates to a \$70-per-month increase for the average household by 2028, according to NRDC. (See [this fact sheet](#) for more details.)
- CUB calls for a long list of reforms to protect everyday electric customers. Those reforms include:
 - An extension of the lower price cap, and elimination of the price floor.
 - PJM should fix its interconnection queue to reduce years-long delays in bringing more energy generation to the grid.
 - Data centers should be required to bring their own new clean energy.
 - Grid operators need to improve their load forecasting so only the big data centers that we are confident will materialize are reflected. Consumers should not be paying extra in capacity prices for “phantom data centers” that developers *might* build but don't.
 - PJM should create a separate interconnection queue for large loads. This would ensure that the grid is ready for them to connect and that there is enough generation to go around before they do so. This approach also would give data centers clear feedback: If the available grid capacity isn't enough for you, figure out how to be more efficient.
 - States should require data centers to operate with maximum energy efficiency or “load flexibility.” (That means they should be required to reduce operations or use on-site backup battery systems when electricity is in high demand.)
 - States should also create separate rate classes, minimum bills, and other contract terms for data centers that ensure the costs of local utility infrastructure upgrades to serve these centers don't fall unfairly on everyone else.

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For more than 40 years the Citizens Utility Board (CUB) has been Illinois' leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more information, call CUB's Consumer Hotline at 1-800-669-5556 or visit CUB's website, www.CitizensUtilityBoard.org.