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What Developers Must Know About PJM Grid Connection Plan

By **Benjamin Jones, Gregg Jacobson and Tyler Brown** (November 25, 2025, 3:07 PM EST)


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The largest grid operator in the U.S., PJM Interconnection LLC, is at a critical inflection point.[1] Electricity demand is rising at an unprecedented pace, driven almost entirely by the rapid expansion of data centers.

PJM's latest forecast projects that between 2024 and 2030, peak electricity use will increase by 32 gigawatts, nearly all attributable to new data center power needs.[2] This surge is concentrated in areas such as Northern Virginia's so-called Data Center Alley and emerging hubs in Ohio.

The overall increase in demand has raised concerns that the grid may not have enough generation resources to keep up, particularly during peak periods or when supply is disrupted by extreme weather events. In fact, PJM has warned that a capacity shortage could emerge as early as the 2026/2027 delivery year.[3]

Faced with these challenges, PJM is pursuing major reforms to its interconnection process, in an effort to accelerate grid expansion and ensure reliability amid surging demand.

A critical part of PJM's proposed reform is the expedited interconnection track, or EIT, which offers an attractive fast-track option for connecting new power projects to PJM's grid.

In exchange for expedited approval, the EIT imposes strict capacity and capital requirements, as well as a three-year deadline to achieve commercial operation.

As discussed further below, developers pursuing the EIT should therefore anticipate significant up-front costs and plan carefully to minimize delays that could jeopardize project completion and EIT eligibility.

PJM's Response: Critical Issue Fast Path

Historically, the PJM process for adding new generation sources to its grid has been slow. Projects seeking to connect must first complete PJM's interconnection review, which evaluates the project's impact on the grid and identifies necessary upgrades.

For years, PJM's interconnection queue has been severely backlogged. Although PJM has made strides to reduce this backlog to around 63 gigawatts as of June, the length of delay has drawn regulatory and congressional scrutiny.[4]

In July, the Federal Energy Regulatory Commission ordered PJM to revise further its interconnection process.[5] And lawmakers have urged PJM to consider alternatives to traditional interconnection rules.

To address growing electricity demand and the interconnection backlog, PJM implemented a critical issue fast path, or CIFP, process in August of this year.[6] The CIFP aims to, among other things, quickly develop and implement new rules to address the potential resource adequacy challenges posed by rapidly interconnecting large loads, such as data centers, to the grid.

After receiving stakeholder input in the CIFP process, PJM plans to file a formal proposal with FERC by next month, with implementation targeted for 2028.[7]

PJM's potential proposal comes on the heels of FERC approving similar fast-track interconnection processes proposed by two other large North American power grid operators, Midcontinent Independent System Operator Inc. and Southwest Power Pool Inc.[8]

The Expedited Interconnection Track

A key component being evaluated in the CIFP process is the EIT, which would operate separately from PJM's main interconnection queue. Not all projects will qualify.

Eligibility is limited to projects that are at least 500 megawatts, sponsored by a state government and capable of beginning operations within three years of approval.[9] Developers must also pay 100% of the grid upgrades required for their projects, which can be costly.[10]

PJM anticipates that approval for the EIT will take roughly 10 months from the time of application, and applications will be capped annually at 10 projects.[11]

The EIT proposal has faced criticism from lawmakers and clean energy advocates who argue that it prioritizes large loads over renewable energy projects stuck in the main queue.[12] PJM's requirements also make it less likely that renewable projects can qualify for the EIT.

For example, PJM requires five acres per megawatt for solar projects, meaning a 500-megawatt solar farm would need approximately 2,500 acres.[13] Conventional energy projects, on the other hand, are more likely to meet the EIT's size, sponsorship and readiness requirements.

DOE's Directive to FERC and FERC's Response

On Oct. 23, U.S. Department of Energy Secretary Chris Wright wrote to FERC requesting that the commission initiate a rulemaking proceeding presenting reforms to ensure the timely and orderly interconnection of large loads, such as data centers, to the transmission system.[14] FERC traditionally has not asserted jurisdiction over load interconnections.

However, Wright asserted, "in light of the unprecedented current and expected growth of large loads seeking to interconnect to the transmission system, and to provide open access and nondiscriminatory access to the transmission system, it has become necessary to standardize interconnection procedures

and agreements for such loads."[15]

Wright also pressed FERC to consider whether reviews for grid projects, which often take more than a year, can be done in 60 days.[16]

In response to Wright's letter and proposed advance notice of proposed rulemaking, FERC established a new docket on the interconnection of large loads to the interstate transmission system, and issued a notice inviting comments related to the proposed rulemaking on Oct. 27.[17]

Comments were due to FERC by Nov. 14, and reply comments are due by Nov. 28. The impact of Wright's letter remains to be seen, but if FERC institutes a rulemaking proceeding on large load interconnection, the resulting reforms will undoubtedly affect PJM's interconnection processes.

Construction Risks Under EIT

The requirement that projects be operational within three years creates a tight timeline for large-scale generation facilities. Even a six-month delay could push a project out of compliance and risk removal from the fast track, although PJM materials discussing the EIT process note that milestone dates are eligible for extensions "according to existing procedures."[18]

Developers must plan carefully for potential bottlenecks in equipment procurement, such as turbines and transformers. They should keep in mind that consistent communication with suppliers at different stages of the manufacturing and delivery process is critical to identify and mitigate delays that could jeopardize a project's ability to meet the three-year operational deadline.

Suppliers in turn should plan for contingencies that may delay their fulfillments.

Permitting, environmental reviews and land use approvals can also risk a project's timeline and eligibility for the EIT. Developers should keep in mind that their choice for the location of their data centers is of paramount importance for the project to maintain EIT eligibility.

Jurisdictions differ significantly in terms of the strictness and expediency of such government processes at both the state and municipal level. Certain jurisdictions may also pose a greater risk of community opposition than others.

Developers should choose locations where government approvals are swift and reliable, while avoiding locations where community involvement may stall construction progress.

The CIFP process may reduce study timelines, but this means that developers need to be able to respond quickly to any issues and ensure that their project maintains EIT eligibility.

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[1] PJM manages the electric grid for roughly 65 million people across 13 states — including Pennsylvania, Ohio and Virginia — and the District of Columbia. Who Is PJM, https://learn.pjm.com/who-is-pjm (last visited Oct. 27, 2025).

[2] Letter from David E. Mills, Chairman of PJM Board of Managers, to PJM Stakeholders (Aug. 8, 2025), https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2025/20250808-pjm-board-letter-re-implementation-of-critical-issue-fast-path-process-for-large-load-additions.pdf.

[3] Sonal Patel, PJM, Facing Capacity Shortage as Early as 2026/2027 Delivery Year, Agrees to Lower Auction Price Cap (Jan. 29, 2025), https://www.powermag.com/pjm-facing-capacity-shortage-as-early-as-2026-2027-delivery-year-agrees-to-lower-auction-price-cap/.

[4] Interconnection Reform Progress Fact Sheet, PJM (June 2025), https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/fact-sheets/interconnection-reform-progress-fact-sheet.pdf (last visited Oct. 27, 2025).

[5] FERC Order No. E-2-ER24-2045-000 (July 24, 2025), https://www.ferc.gov/media/e-2-er24-2045-000; see also Ethan Howland, FERC Orders Changes to PJM's Grid Interconnection Process, Plus 3 Other Open Meeting Takeaways, Utility Dive (July 25, 2025), https://www.utilitydive.com/news/ferc-pjm-grid-interconnection-queue-christie/754050/ (discussing FERC Order No. E-2-ER24-2045-000).

[6] See supra n.2.

[7] Id.

[8] See Midcontinent Independent System Operator Inc., 192 FERC ¶ 61,064 (2025); Southwest Power Pool Inc. 192 FERC ¶ 61,062 (2025).

[9] Large Load Additions: CIFP Update, PJM (Oct. 1, 2025), https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251001/20251001-item-04---cifp---lla-updates---pjm-presentation.pdf, at 5-6.

[10] Id. at 7.

[11] Id. at 5, 7.

[12] See, e.g., Letter from Congressman Donald S. Beyer, Jr. et al. to PJM CEO Manu Asthana (Oct. 15, 2025), https://beyer.house.gov/uploadedfiles/letter_to_pjm_on_ferc_order_2023_compliance_filing.pdf, at 3 ("We fear that a focus on new queue-jumping fast tracks for certain resource types ... betrays a lack of seriousness in fixing the regular-order queue").

[13] Rao Konidena, PJM Proposes an Expedited Interconnection Track for Generators to Supply Large Load Additions, Factor This (Oct. 2, 2025), https://www.renewableenergyworld.com/power-grid/pjm-proposes-an-expedited-interconnection-track-for-generators-to-supply-large-load-additions/.

[14] Letter from Secretary of Energy Chris Wright to FERC Chairman David Rosner et al. (Oct. 23, 2025), https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf.

[15] Id. at PDF p. 10.

[16] Id. at PDF p. 14.

[17] Notice Inviting Comments, Dkt. No. RM26-4-000, FERC, (Oct. 27, 2025), https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20251027-3056.

[18] See supra n.8 at 7.