



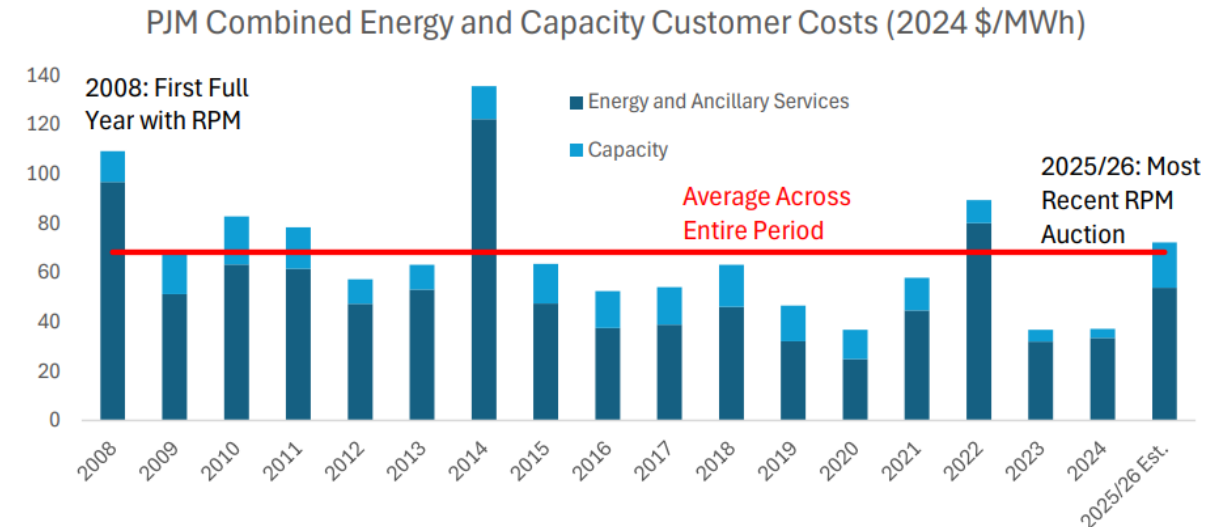
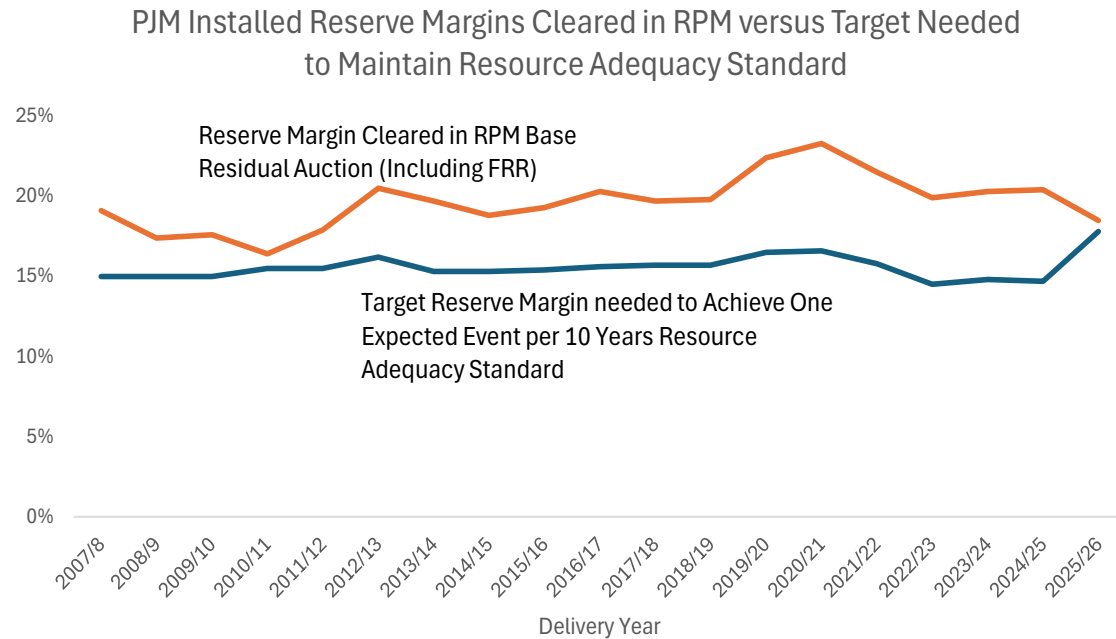
# Perspectives on AI Demand, Resource Adequacy, and Co- Location

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May 12, 2025

# PJM Has a Track Record of Ensuring That Supply Exceeds Demand – But Prices Fluctuate

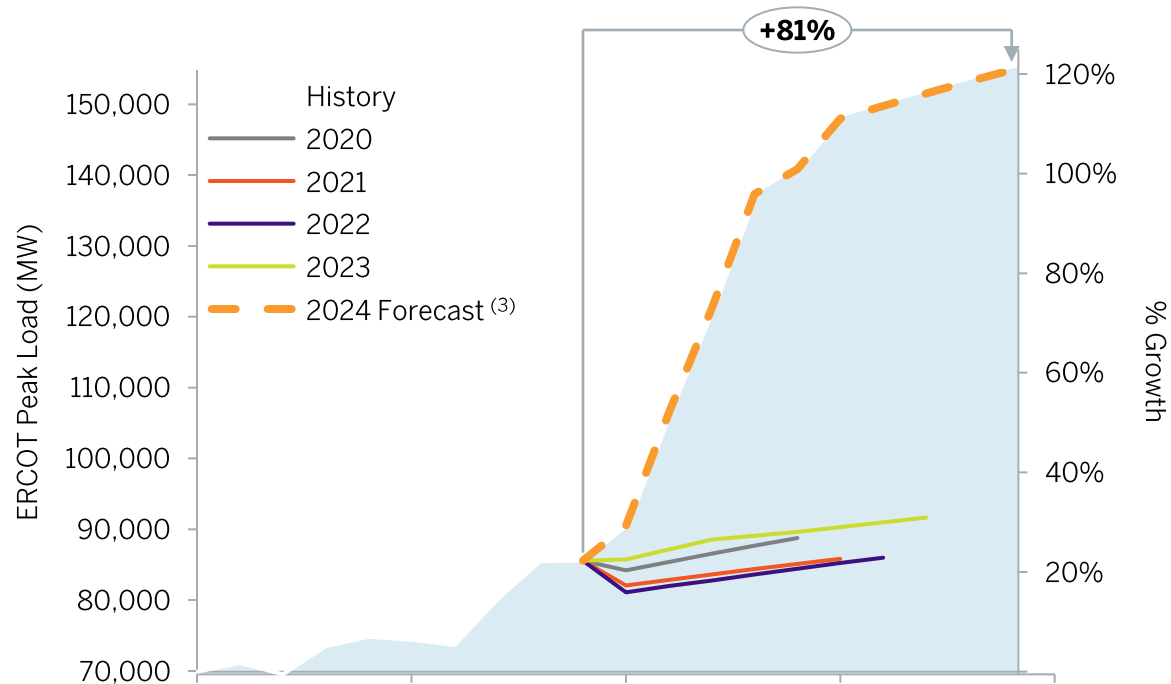
On an inflation-adjusted basis, combined energy and capacity prices for 2025/26 are about average since inception of RPM



Source: Monitoring Analytics, LLC, 2024 State of the Market Report for PJM, Table 11. Estimated costs for 2025/26 based on RPM auction results and energy forward prices from S&P Global. Adjusted for inflation using GDP deflator as reported by the U.S. Federal Reserve.

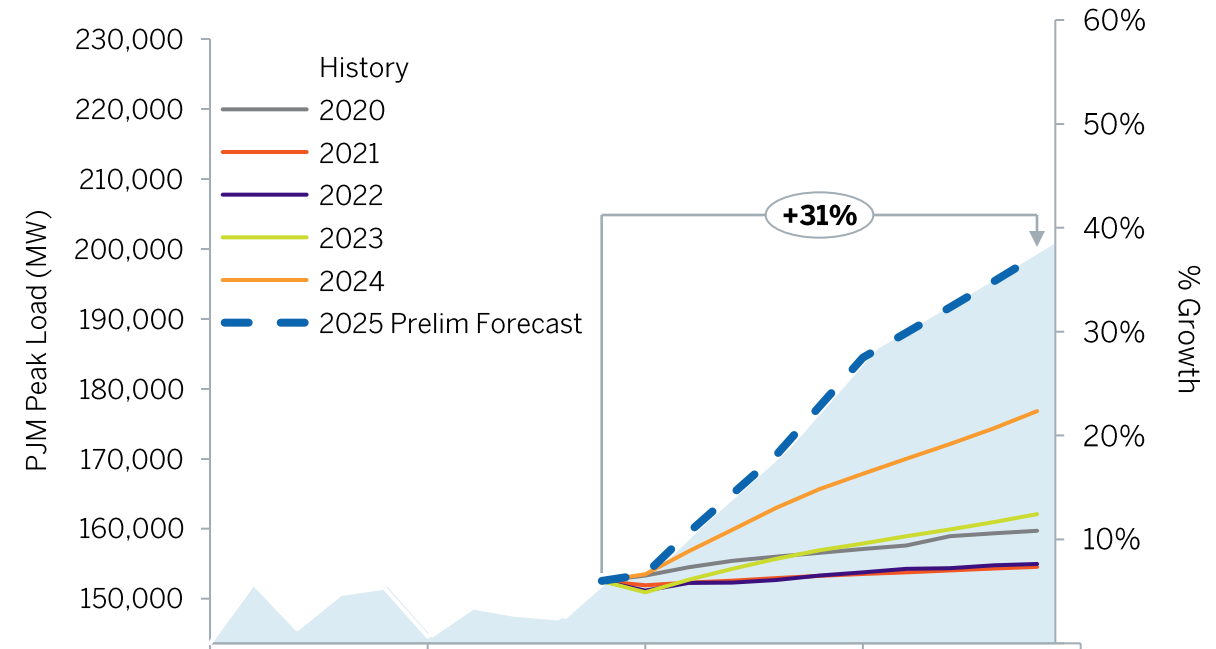
# Unprecedented Demand Growth “Projected” for the U.S.

## ERCOT Peak Load Growth Projection (MW) <sup>(1)</sup>



**ERCOT forecasts peak load growth of over 80% between 2024 and 2034**

## PJM Peak Demand Forecasts Keeps Growing (MW) <sup>(2)</sup>



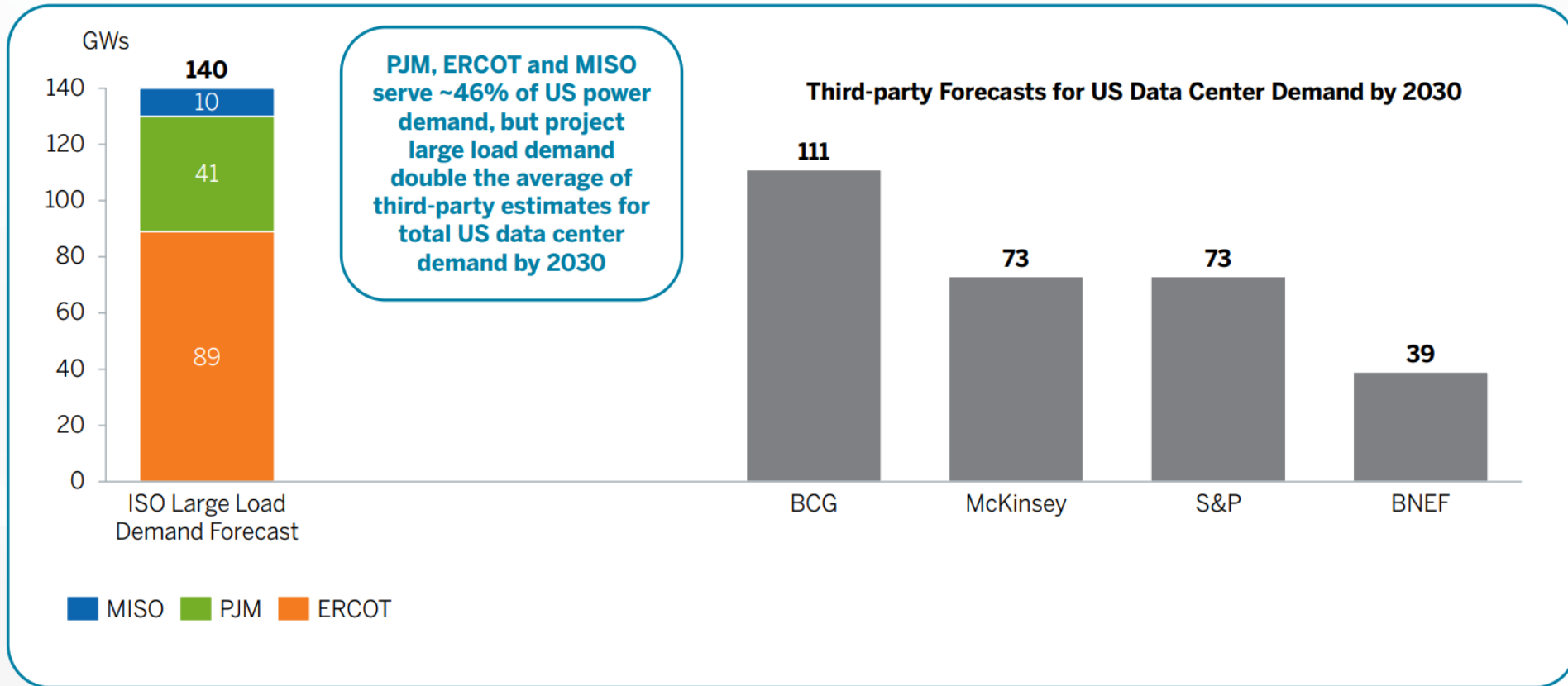
**PJM forecasts peak load growth of over 30% between 2024 and 2034**

(1) Source: ERCOT. <https://www.ercot.com/gridinfo/load/forecast>.

(2) Source: PJM 2025 Load Forecast (Preliminary Accepted Requests). As of 11/2024. <https://www.pjm.com/planning/resource-adequacy-planning/load-forecast-dev-process>.

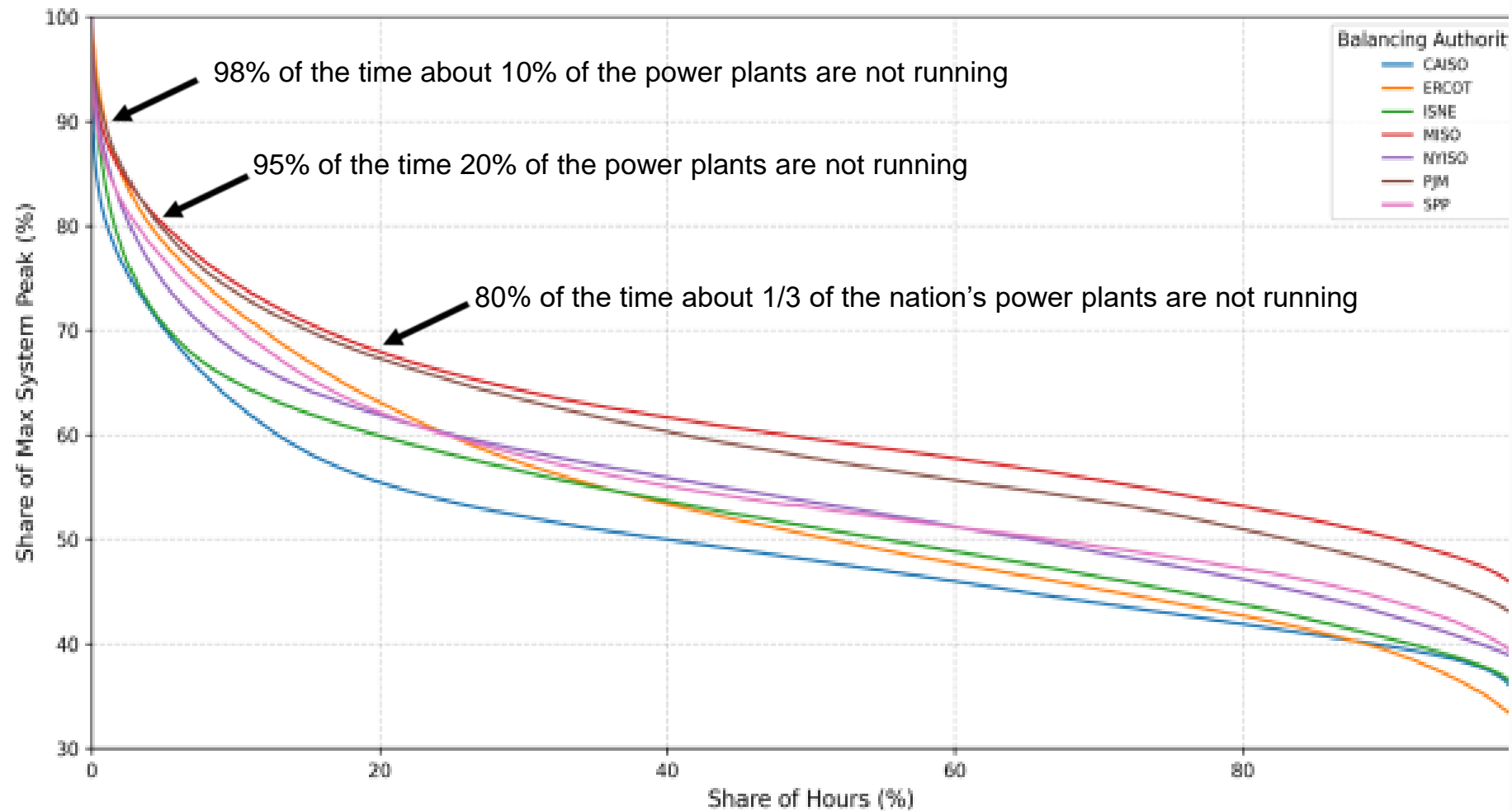
(3) 2024 forecast uses a different methodology and now requires ERCOT to include all large loads in their forecast regardless of status due to HB 5066

# Data Centers Pursuing Multiple Jurisdictions for the Same Project



Sources: MISO, PJM, ERCOT, BCG, McKinsey, S&P and BNEF; adjusted for capacity factor

# Making the Most of the Existing Grid



Source: Rethinking Load Growth – Assessing the Potential for integration of Large Flexible Loads in US Power Systems – Duke Nicholas Institute for Energy, Environment, and Sustainability – February 2025, p.7

# Some Benefits of Co-Location

- Speed
- Efficient placement of load on transmission system
- Reduces need for system upgrades and related costs
- System efficiency – e.g., line losses
- Resource adequacy is a red herring

# Closing Thoughts

- **Return to Fundamentals**
- **How to separate hype when there is value in being hyperbolic**
- **Stable regulatory structures help foster investment**
- **Using existing headroom lowers costs**