

Grid group expects elevated electric prices to persist

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Power lines connect to an AES Ohio substation on Tipp-Cowlesville Road in Tipp City. Bryant Billing / Staff

Consumers should not expect relief from high electricity prices before the year 2030.

That was one upshot of a webinar hosted by the Reliable Grid Project, a Washington, D.C.-based group that says it is focused on advocating for consumers during a time of rising electric prices.

Just over 68% of an average Ohioan's electric bill is made up of wholesale electric costs that PJM Interconnection auctions help determine, Clara Summers, a member of Consumers for a Better Grid Campaign and the Citizens Utility Board of Illinois, said.

Data centers are contributing to that, Summers argued.

"Just to be crystal clear, our bills would be nowhere near as high, if it weren't for data centers," she said.

But there's another side to that equation, Summers said. On the supply side, there have also been "a slew of delays" in connecting new generation sources to the electric grid, she said.

New demands for power are coming after more than 15 gigawatts of power generation have been retired in the past few years, said Jon Gordon, senior policy director with Advanced Energy United, a national organization of businesses concerned with affordable power.

"To solve all these problems, we need to get new supply online quickly," he said.

Until that load growth is balanced by adequate generation, prices will remain high, Summers predicted.

"It's going to be high until at least 2030," she said.

She called for a "public interest mandate" to be included in PJM's mission. The organization also says PJM is too slow to connect new generation sources to the grid.

Supply-demand imbalance PJM Interconnection, which says it is the nation's largest grid operator, came up short by 6.8 GW in its recent 2028-2029 electric service capacity auction, the second year in a row the grid operator saw a "reliability shortfall," as the Reliable Grid Project described the auction's outcome.

PJM holds an annual auction to secure sufficient electricity for the hottest and coldest weather. Power plants and others compete to provide that electricity.

As electricity has become steadily more expensive in recent years, PJM and its role in electric service has become more talked about.

Last month, the Ohio Manufacturers Association blasted PJM as "manufacturing scarcity on paper."

"It counts uncertain future demand as though it is guaranteed, raises the amount of capacity it says the region needs, limits the generation available to serve that demand and then presents the resulting gap as proof that customers must pay more," OMA President Ryan Augsburg said in a July 14 statement.

For its part, PJM has said the auction results were not unexpected, given recent conditions.

PJM said it plans to seek federal permission for a special “backstop procurement” in September, a one-time procurement to help address a “near-term shortfall in electricity supply.”

“Such a shortage does not necessarily mean that the PJM system will be unable to serve load reliably in the delivery year; it means that PJM would have to operate with slimmer reserves and a greater level of risk,” the nonprofit said in a July 14 statement on the auction outcome.

“These auction results show that demand for electricity continues to grow faster than electricity supply,” David Mills, PJM president and CEO, said in mid-July.

“At the same time, PJM recognizes how this supply-and-demand imbalance impacts the reliability of the system and costs for consumers.”

He said PJM is working with government and industry leaders “on multiple fronts” to restore balance.

In a statement, a PJM representative said the organization has reformed its interconnection process and there is no queue backlog. There are more than 800 generation projects under review with the capacity of generating 220 gigawatts, more than all the electricity currently on the PJM grid.

“It is unclear how PJM could be manufacturing scarcity on paper when the region hit an all-time record for electricity consumption during a heat wave on July 2 and our reserve margins, which are overseen by our federal regulator, are mathematically getting tighter,” PJM also said.

“Data center growth is real and they are large power consumers. Denying this strains credibility and does not help to solve the overarching supply/demand challenge that many grids across the country are experiencing.”