Butte Silver Bow Data Center Ad-Hoc Committee
Public Question Response
Will Montana Face the Same Electricity Problems as PJM?

Short answer: No. Montana's electric system is fundamentally different from PJM's, and the recent issues in PJM do not apply in the same way to Montana.

What is happening in PJM?
PJM is the electricity grid serving parts of the eastern United States. Recent headlines about electricity prices increasing "10×" refer to PJM's **capacity market**, not everyday electricity prices. Capacity payments are used to make sure enough power plants are available in future years to meet peak demand.
The recent capacity auction cleared at unusually high prices, which may raise customer bills by about **1.5%–5%**, depending on location.

Why did prices increase in PJM?
- PJM has **retired many coal power plants** over the past decade.
- Wind and solar generation replaced much of the energy, but these resources are not always available during peak demand.
- Electricity demand has grown across all sectors, including homes, businesses, industry, and data centers.
- As a result, **PJM now has less firm backup capacity while demand continues to grow**.

Is PJM stopping data centers?
No. PJM has **not** requested a data center moratorium. Instead, PJM and the Federal Energy Regulatory Commission (FERC) are working together to **speed up interconnection approvals** for both new power plants and large electricity users, including data centers, to improve reliability and support economic growth.

How is Montana different?
Montana's electric system is structured very differently:
- Montana does **not** use capacity markets like PJM.
- Electricity rates are set through **state regulation**, not wholesale auctions.
- Utilities must plan for future demand through long-term plans reviewed and approved by the Montana Public Service Commission.
- Regional reliability is managed through the **Western Resource Adequacy Program**.

Reliability outlook
The national reliability authority, NERC, currently rates PJM as having **elevated risk**, while the Western power system that includes Montana is rated at **normal risk**.

Bottom line
PJM's experience reflects challenges specific to its market structure and generation mix. Montana's regulated planning process and western grid structure make a similar outcome unlikely, and direct comparisons between PJM and Montana are not appropriate.