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New Report Indicates Interconnection Bottlenecks Cost PJM Customers $3.5 Billion

Timely interconnection of new resources could have helped confront the region's shrinking reliability margin and skyrocketing costs

Berkeley, CA—A new analysis commissioned by GridLab and executed by Aurora Energy Research indicates that PJM's failure to integrate power projects is directly imposing billions of dollars in unnecessary costs on ratepayers and tightening the region's reliability margin. Had just a fraction of queued land-based renewables and batteries had reached operation in time for the 2026/27 delivery year, consumers could have saved approximately $3.5 billion.

READ the report

"Supply and demand conditions in PJM are tight, and customers are feeling the pain," said Ric O'Connell, Executive Director at GridLab. "This analysis shows us just how much we can bring down costs with just a small amount of new resources."

The July 2025 PJM auction climbed to $16.1 billion, up 10% from a year ago. The 2024 auction's total cost had jumped to $14.7 billion from $2.2 billion from the year before. Aurora's analysis estimates that had 10% of the land-based renewable and battery storage projects in the interconnection queue been built in time for the 2026/27 delivery year, the auction clearing price would have dropped to an estimated $254/MW-day, reducing total capacity costs to $12.6 billion—saving $3.5 billion. The report illustrates the slow processing time that projects in PJM's interconnection queue have faced since the late 2010s—one of the factors impeding the amount of renewables and batteries built in the RTO to date.

As electricity demand increases in PJM, the grid operator's margin for reliability continues to shrink, making timely connection of new resources increasingly critical to avoid even higher prices and threats to reliable service. PJM's next capacity market auction is scheduled for December 2025.

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