November 14, 2024

Mr. Mark Takahashi, Chair, PJM Board of Managers
Mr. Manu Asthana, PJM President, and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403

Dear Mr. Takahashi and Mr. Asthana:

OPSI commends PJM for bringing to stakeholders' attention the increased risk of having insufficient resources to maintain reliable electric service later this decade.[1] The trends driving these reliability risks include increasing electric demand, primarily from data centers, the pace of retirements exceeding the pace of new construction, and an interconnection queue of resources with relatively low capacity accreditation values.[2] As PJM has noted, there is a limited window of opportunity to make an impact within the existing transition.[3]

To allow all parties, including federal and state legislators, state commissions, and the public at large, to grasp the magnitude of the reliability challenge which lies ahead, PJM must update its reliability analysis to incorporate the latest information on these trends as well as the impacts of large loads co-locating with existing generation.

OPSI appreciates that PJM is still working through its processes for developing the 2025 load forecast, however, the requests for large load adjustments portend a seismic increase in forecasted loads. There are requests for 15,398 MW of large load adjustments for 2026 and 51,943 MW for 2030 incremental to PJM's base forecast.[4]

[1] This letter was unanimously approved by the OPSI Board at its November 11, 2024 meeting.
[2] PJM, Reliability Resource Initiative - MRC Update at slide 3, presented to the PJM Markets and Reliability Committee on November 7, 2024 citing PJM, Energy Transition in PJM: Resource Retirements, Replacements & Risks, Feb. 23, 2023, available at: https://pjm.com/-/media/committees-groups/committees/mrc/2024/20241107-special/item-04---reliability-resource-initiative---presentation.ashx.
[3] *Id.*
[4] PJM, Zonal Load Adjustment Requests for 2025 Load Forecast at slide 3, Oct. 29, 2024, available at: https://www.pjm.com/-/media/committees-groups/subcommittees/las/2024/20241025/20241025-post-meeting---zonal-large-load-adjustment-requests.ashx.

To date, all of PJM's reliability analyses have assumed the full nuclear fleet will be available to serve the grid into the planning horizon. Although FERC just recently rejected an amended ISA for the Susquehanna nuclear facility which would have potentially allowed up to 960 MW of nuclear generation to be withdrawn from the grid, many other nuclear facilities are considering similar arrangements, and PJM should provide analysis on the scope of these requests, the impact on reliability, and the potential impact on costs to other customers. The Independent Market Monitor has recently commented that the removal of 1,000 MW of nuclear capacity in Maryland for the 2025/26 Base Residual Auction would have increased auction revenue by more than $3.6 billion.[5] PJM should also analyze the local and regional impacts of a variety of nuclear withdrawal and addition scenarios on its energy and capacity markets.

Grid reliability and electric affordability are at risk in PJM's energy transition. Policy makers need up-to-date information to comprehend the magnitude of the challenges facing the grid. This study will be critical in facilitating any necessary PJM and state reforms to respond to the results of this analysis. The PJM Board should direct PJM staff to update its previous reliability studies as soon as possible after completion of the 2025 load forecast.

Respectfully submitted,

Emile Thompson
President, Organization of PJM States

[5] Monitoring Analytics, Comments to the Maryland PSC, Senate Bill 1 Co-location Study, Administrative Docket PC 61 at p. 3 (Sept. 24, 2024) ("Based on actual auction clearing prices and quantities and uplift MW, total RPM market revenues for the 2025/2026 RPM Base Residual Auction were $14,687,047,358. If 1,000 UCAP MW of nuclear capacity in Maryland did not offer in the 2025/2026 RPM Base Residual Auction and everything else had remained the same, the total RPM market revenues for the 2025/2026 RPM Base Residual Auction would have been $18,331,481,992, an increase of $3,644,434,634, or 24.8 percent, compared to the actual results.").