Paula Conboy, Chair, Board of Managers
David Mills, President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Blvd. Audubon, PA 19403

November 5, 2026

Dear Members of the PJM Board,

We are writing to urge PJM to promptly refile a version of its Interim Resource Adequacy Service ("IRAS") proposal that addresses the Federal Energy Regulatory Commission's ("FERC") concerns with PJM's first IRAS filing and retains the original IRAS proposal's fundamental architecture. While FERC rejected the first IRAS filing on several grounds, FERC's decision provides guidance on how PJM can remedy its initial filing and get IRAS across the finish line. Indeed, at FERC's recent open meeting, Commissioners See, Chang, and LaCerte stressed that PJM should promptly develop a revised 205 filing. As it addresses the issues FERC raised, PJM should retain IRAS's fundamental purpose to protect ordinary consumers from paying the costs of procuring capacity for data centers and to enable states to appropriately manage which customers are required to curtail when there is insufficient capacity to reliably meet demand.

First, PJM's refiled IRAS proposal can and must retain PJM's proposal to exclude certain large loads from the VRR curve. The initial IRAS proposal excluded certain new large loads from the VRR curve to protect ordinary customers from capacity price increases driven by unprecedented data center demand, and it was right to do so. Keeping new large loads in the VRR curve will force ordinary customers throughout the PJM region—including households and small businesses—to pay higher prices, subsidize data centers' energy needs, and receive a less reliable grid in return. This result is unjust and unreasonable.

While FERC found that PJM did not offer sufficiently detailed evidence to justify treating large loads differently from other NITS loads, such evidence exists and is readily available to PJM. The unique characteristics and impacts of large loads are well-documented, including by FERC itself in other dockets.[1] NERC[2] and the PJM Independent Market Monitor[3] have likewise

[1] *PJM Interconnection L.L.C*, Limited Protest of Public Interest Organizations, Docket No. ER26-3515-000, Accession No. 20260903-5159, at 13-18 (Sep. 3, 2026); *see also e.g.* 195 FERC 61,211 at P 1 (2026) (noting that stakeholders identified a "number of unique challenges that large load integration poses for the reliable operation of [the transmission] system") We would be happy to provide PJM with additional citations and examples.

[2] N. Am. Elec. Reliability Corp., Large Loads Task Force, *Characteristics and Risks of Emerging Large Loads* (July 2025), https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/3_doc_white-paper-characteristics-and-risks-of-emerging-large-loads.pdf.

[3] Monitoring Analytics, LLC, Indep. Mkt. Monitor for PJM, *Market Monitor Report*, PJM Members Committee Information Webinar (July 27, 2026), https://www.pjm.com/-

documented the unique effect of new large loads on grid reliability and prices. PJM should refile its IRAS proposal with specific information about (1) the speed, scale, and geographic concentration of large load growth in the PJM region and (2) the unique operational characteristics of large loads, including their ramp rates, load shapes, and energy demands. PJM should cite to reports that support these assertions and supplement the record by attaching those reports to its updated filing.[4] A more robust record will assist FERC in its decision making, particularly with regard to the fact-intensive issue of differentiating different types of load. PJM should then clearly explain how the unique characteristics of large loads, especially data centers, distinguish them from other users of NITS service and why those distinct characteristics justify different treatment.

Refiling a revised IRAS proposal is urgent because unless PJM takes action, the capacity market will expose consumers throughout the region to unjust, unreasonable, and unduly discriminatory results. As the market monitor has described, "data center load growth is the primary reason for recent and expected capacity market conditions, including total forecast load growth, the tight supply and demand balance, and high prices."[5] In short, data centers are causing the need for significant amounts of new capacity and will be the principal beneficiaries of new capacity development. As such, the Federal Power Act's fundamental cost-causation principles mandate that the costs of procuring capacity for data centers be borne by data centers.

Likewise, a failure to recognize the significant differences between data centers and other NITS customers—as would occur through the capacity market simply charging one rate to all customers taking NITS service—would be unduly discriminatory.[6] While we commend PJM's recognition that its capacity market may require broad reform and encourage it to follow through with its Powering Reliability Through Market Design process, consumers are already

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/media/DotCom/committees-groups/committees/mc/2026/20260727-web/item-02---marketing-monitoring-report---presentation.pdf.

[4] For example, Lawrence Berkeley National Laboratory publishes an annual update to its "United States Data Center Energy Usage Report." *See, e.g.*, Lawrence Berkeley National Laboratory, United States Data Center Energy Usage Report: 2025 Update (June 2026), https://escholarship.org/content/qt33m6w3x0/qt33m6w3x0.pdf. The Nicholas Institute for Energy, Environment & Sustainability also published a report on large load flexibility. Tyler H. Norris, Tim Profeta & Dalia Patino-Echeverri, Nicholas Institute for Energy, Environment & Sustainability, Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems (Feb. 2025), https://nicholasinstitute.duke.edu/publications/rethinking-load-growth. This is not an exhaustive list of useful resources.

[5] Monitoring Analytics, *State of the Market Report for PJM: January through June*, at 390 (Aug. 13, 2026), https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2026.shtml.

[6] *See*, *e.g.*, *Alabama Elec. Coop, Inc. v. FERC*, 684 F.2d 20, 27 (D.C. Cir. 1982) ("While the typical complaint of unlawful rate discrimination is leveled at a rate design which assigns different rates to customer classes which are similarly situated, a single rate design may also be unlawfully discriminatory" where affected consumers are in an "important respect quite dissimilar.").

experiencing harm from the treatment of data centers in PJM's capacity market, and urgent action is necessary to mitigate that harm moving forward. The original IRAS filing correctly recognized that the rest of PJM's customers should not be exposed to price impacts caused by new large loads in the RPM. PJM should promptly refile an IRAS proposal that excludes new large loads from the VRR curve to protect consumers from unreasonable capacity costs caused by new data center loads.

Second, PJM's updated IRAS proposal can and must include a mandatory curtailment requirement. That requirement should obligate Electric Distributors ("EDs") to shed MWs proportionate to the load in their territory beyond what was reflected in the VRR curve when an Interim Resource Adequacy Service period commences, and should recognize state jurisdiction over retail customers by leaving it to state regulators to determine which specific retail customers must curtail. PJM's mandatory curtailment mechanism will be essential for managing capacity shortfalls, enabling states to protect residential customers from outages, and sending a meaningful signal that new large loads must bring their own capacity to ensure firm service. PJM should also address Commissioner Rosner's concern that excluding some load from the VRR curve will send the wrong signal to new entry. PJM should reiterate that IRAS was specifically designed to tie capacity to new large load demand as it comes onto the system, thus negating the need to send signals to the capacity market to procure more to meet demand for those loads. PJM's markets have always recognized that price signals are not the only way to incent new entry. Similar to how the FRR option provides for jurisdictions that prefer integrated planning over markets, IRAS establishes that direct investment by interested large customers is an acceptable alternative to a pure market approach.

Importantly, FERC indicated that PJM's curtailment proposal as described in its transmittal letter may be within the Commission's jurisdiction; FERC rejected the original IRAS proposal because it identified a mismatch between the transmittal letter's description of the curtailment mechanism and the specific language of PJM's proposed Tariff revisions.[7] PJM's proposal states that PJM will only identify the aggregate MW values that need to be reduced, while Electric Distributors—subject to requirements established by retail regulators—will ultimately determine which loads will be subject to IRAS reductions.[8] PJM's curtailment proposal is carefully designed to honor jurisdictional boundaries between PJM and the states. To the extent that the proposed Tariff language appears to place curtailment obligations directly on retail customers,[9] PJM should clarify its Tariff language in a revised IRAS filing to match its intent in the transmittal letter.

Lastly, we note that time is of the essence. States in the PJM footprint are currently at work developing retail tariff provisions that would align with an IRAS-like framework. In Illinois, for

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[7] *Order Accepting Tariff Revisions in Part and Rejecting Tariff Revisions in Part*, 197 FERC ¶ 61,019 at P 36 (2026) ("IRAS Order").

[8] PJM Interconnection, L.L.C., Proposal to Establish Interim Resource Adequacy Service & a Large Load Registry, Docket No. ER26-3515-000 (Aug. 13, 2026), Accession No. 20260813-5118 at 26 ("IRAS Filing").

[9] IRAS Order at P 77.

example, the Commission opened an investigation in April, 2026, that considers "[t]he feasibility of interruptible service or other flexible interconnection arrangements to address resource adequacy concerns," among other issues.[10] The parties in those proceedings by and large recognize that regional rules will aid the states in establishing their retail provisions. Moreover, multiple states have incorporated IRAS, either explicitly or implicitly in their long-term planning for addressing large load additions through state policy, and are relying on engagement between the state and PJM to address load planning and protect grid reliability and appropriate cost allocation.[11]

We commend the PJM Board's development of the IRAS proposal and strongly urge PJM to retain its fundamental architecture. After careful consideration of numerous alternative approaches, the Board correctly determined how PJM can do its part to ensure that its markets send an appropriate signal to new large loads that they must bring their own capacity, protect other consumers against cost shifts, and honor the states' important role as retail regulators. PJM should promptly file an updated IRAS proposal that addresses FERC's concerns while still excluding new large loads from the VRR curve and featuring a mandatory curtailment approach. We are happy to provide resources and support as PJM drafts its updated proposal.

Sincerely,

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[10] *Illinois Commerce Comm. v. Commonwealth Edison Co.*, ICC Docket 26-0364, Order Initiating Proceeding, at 2 (Apr. 23, 2026).

[11] *See, e.g.*, Va. Exec. Order No. 22 (2026), at 6, 7.

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