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June 19, 2025

By electronic mail

David Anders
PJM Interconnection, LLC
2750 Monroe Blvd.
Audubon, PA 19403

Attention: Critical Issues Fast Path ("CIFP") cost allocation.

Re: Presentation by Maryland Office of People's Counsel ("Md OPC") to the PJM CIFP stakeholder meeting (June 18, 2025), regarding cost allocation of the U.S. Department of Energy ("DOE"), Federal Power Act ("FPA"), section 202c order issued with respect to continued operations of the Eddystone Units 3 and 4 during the summer, 2025.

Dear Mr. Anders:

This letter transmits in writing the comments that I provided orally at the PJM Interconnection LLC ("PJM") CIFP stakeholder meeting on June 18, 2025, on behalf of the Maryland Office of People's Counsel ("Md OPC").

Md OPC will abstain from the vote on the design packages under consideration by the PJM CIFP stakeholder group. At most, Md OPC believes that approval of only a very narrow proposal is warranted (the Gabel proposal), limited to the current DOE FPA section 202c order affecting the Eddystone Units 3 and 4 for the current proposed term of the order, running to the end of the summer, at a reported monthly cost of $1.7 million per month allocated to all PJM load by billing determinants based on the capacity contribution of each locational deliverability area ("LDA").

If further such DOE 202c orders issue for power plants within the PJM footprint they should be dealt with under a much better considered and more robust framework. The issue statement approved this morning, focusing only on cost allocation (the tail on the dog, if you will), at the MRC is not sufficient.

The discussion here is to explain Md OPC's views behind its vote.

First, our views are informed by the deficient, and tardy explanation, to date, of the DOE 202c order (and the consequentially rushed and inadequately considered response by PJM); its conflict with existing PJM and NERC resource adequacy procedures; and a still largely unknown overall DOE agenda, likely evolving into a succession of more such orders for this plant and other plants. Any broader action by PJM now would be premature and taken without sufficient understanding of this larger context.

To address that larger context: both PJM and NERC determined this May, as part of their customary review of resource adequacy in summer 2025, that the PJM system was reliable—met its resource adequacy requirements—for this summer. Quoting NERC's finding for PJM:

> PJM is expecting a low risk of resources falling below required operating reserves during Summer 2025. PJM is forecasting around 27% installed reserves (including expected committed demand resources), which is above the target installed reserve margin of 17.7% necessary to meet the 1-day-in-10-years LOLE criterion. The Reserve Requirement Study analyzed a wide range of load scenarios (low, regular, and extreme) as well as multiple scenarios for system-wide unavailable capacity due to forced outages, maintenance outages, and ambient derations.

NERC, 2025 Summer Reliability Assessment (May 2025), p. 13.

PJM and NERC made these determinations within an elaborate, layered, statutorily directed framework for resource adequacy determinations by expert bodies with layered delegated authority (including national, regional EROs, and RTOs). Also informing this (and by no means an irrelevant consideration) is the $14 billion that PJM load is paying for resource adequacy through the PJM capacity market during RPM delivery year 25/26.

Unlike the majority of previous DOE 202c short-term emergency orders issued for plants in the PJM footprint facing a relatively short-run weather phenomenon, DOE here, with its "emergency" Eddystone Order effective for summer 2025, intrudes into longer-term resource adequacy matters, without addressing these prior findings by PJM and NERC that there is no emergency for the same period. The Eddystone order's preamble instead, in purported justification, converts customary discussion in resource adequacy reviews of extreme and low probability events into actionable decision drivers, seemingly moving the goalposts for reliability requirements. PJM is being left out of the game. This at odds with the reliability and resource adequacy requirements of federal law. It is arbitrary and capricious, and contrary to the law.

Second, the specific logic of the DOE 202c order itself is wanting. The order is premised on the existence of an emergency. Yet its term is for the 3-month period for summer 2025 (when the PJM/NERC assessments find no emergency) for a plant with a very low capacity factor over the last five years. The order hints (following its logic, but without any real attempt at justification) that it is really to address future years' "emergencies" (leaving one to presume that there will be renewals and extensions of the order). Moreover, given its linkage to an unbounded general emergency, it hints, but again with no articulated justification, at more such orders affecting other plants.

As a parenthetical but further raising concerns about DOE's logic—in a hearing before Congress last week DOE Secretary Wright explained some of the rationale for the DOE 202c order for the Campbell plant in Michigan/MISO issued together with the Eddystone order, legitimating the order by reference to a remote, contemporaneous power outage in MISO/South in Entergy's territory in New Orleans—seemingly not even remotely related to the resource adequacy contribution of the Campbell plant in Michigan.

Third, given the foregoing, PJM needs a more robust and considered process with more information from DOE to accommodate into its rules and manuals the impact of this and future DOE 202c orders, ostensibly addressing resource adequacy, but with possible wide-ranging effects on markets, market participants and customer affordability. DOE is promising a "reserve margin" study (per the "emergency" presidential executive order) due out July 7th to better explain its posture and the reasons for the order (and possible additional orders). At a minimum, a full understanding of this study is necessary to inform appropriate changes to PJM's rule set for determining resource adequacy.

Fourth, why does PJM believe it can institute this without a tariff amendment? Compare the Consumers Energy filing with FERC with respect to the Campbell plant DOE order, docketed as EL25-90. A tariff filing, and conformity to the Federal Power Act's just and reasonable standard, would provide necessary protections to customers. Md OPC draws little comfort from the reported "DACC-ish" essentially unreviewable process for cost oversight anticipated for the Eddystone plants under the current CIFP.

Finally, if we turn our focus to some of the specifics of the competing design packages addressing cost allocation under consideration (specifically those sponsored by Eastern Kentucky Power Cooperative ("EKPC"), Md OPC has significant concerns about the proposed use of potentially different cost allocators, particularly if the allocation would be driven by "locational" constraints, limiting the allocation to LDAs which are constrained or deemed resource deficient in PJM's resource adequacy modeling.

What is a locationally constrained area and how is it defined (per EKPC's proposal)?

Why should the allocation be dependent on a DOE finding that an area is constrained, if DOE's finding is at odds with PJM's resource adequacy assessment?

Ms. Foster-Cronin (EKPC) did not fully answer Mr. Mills' question during the meeting regarding double payment if the allocation is to a constrained LDA and the resource is located within the LDA. Under the EKPC proposal, the LDA load pays twice—the cost of the 202c order resource plus the capacity costs from the PJM RPM, with no credit for the resource's capacity back against the modeled capacity market short-fall. This is at variance with the inclusion of reliability must run ("RMR") resources in the RPM supply stack which PJM adopted for the next two annual auctions.

How are RMR resources considered in determining whether a local area is constrained (if per PJM they are included in the supply stack offered into upcoming Base Residual Auctions)?

What if the driver for the locational "shortfall" or "crisis" changing the cost allocator to specific areas is due to locationally specific data center load growth? Why isn't that a consideration if the cost allocation is to be locational as opposed to load ratio share?

Appropriate and thoughtful consideration of these important questions did not occur in the CIFP process to date. Md OPC submits that they can only be considered as part of a broader, more robust stakeholder process. The new stakeholder process commenced during the CIFP meeting June 18 with the adoption of a new issue charge does not initiate the robust stakeholder process necessary to address these critical questions.

Thank you for affording Md OPC a forum to express its views.

Sincerely yours,

Philip L. Sussler

Senior Assistant People's Counsel

Cc: David S. Lapp, Md OPC
William Fields, Md OPC