

Large Load Additions CIFP Update

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- PJM original proposal modified to be responsive to stakeholder feedback.
 - Clear, overall stakeholder concern with the mandatory NCBL concept.
 - Significant interest in improved load forecasting and interconnection opportunities.
- Updated PJM proposal prioritizes customers' ability to manage their own service priority and willingness to pay by directly addressing the reliability challenge through enhanced demand-side participation and improvements in load forecasting and interconnection process.
- Components of original PJM package remain in options matrix allowing stakeholders to include in their proposed packages if desired.
- PJM proposal will continue to evolve before finalizing in CIFP Stage 3.

- Removed the mandatory NCBL requirement and recognize that voluntary NCBL is better facilitated thru existing PRD and DR programs.
- Utilize existing Demand Response and proposed modifications to Price Responsive Demand (PRD)
 - PJM proposes to remove the requirements for a dynamic retail rate and replace with an energy market offer price.
 - With these changes, PRD becomes similar to voluntary NCBL, because the load elects to not take on a capacity obligation, therefore does not pay for capacity, and is required to reduce demand during stressed system conditions.
- PJM recognizes that the manual load shed allocation mechanism should be reviewed and recommends this effort be addressed as a follow-up initiative after the CIFP concludes.
- PJM received feedback in various forums regarding the potential need for longer-term procurements to support more rapid entry and seeks stakeholder feedback on discussing acceleration of or alternatives to the RPM reliability backstop.

- PJM proposes the following load forecasting enhancements:
 - Added step for state commission opportunity to review and provide feedback on large load adjustments prior to finalizing and issuing the load forecast.
 - Commitment requirements already in place as a result of LAS work.
 - Add as part of the Large Load Adjustment annual submissions, a requirement that submitters shall inquire with their subject customers, and indicate to PJM accordingly, whether any load interconnection requests they've received are duplicative with other such requests made to interconnect large load either within or outside of the PJM region such that only a subset of such requests are expected to actually achieve commercial operation. If so, the submitters are required to provide the amount of MW that are duplicative that are included in their submission. This will be added to the annual submission template.
- PJM also suggests consideration of a potential additional component that requires minimum financial security from large load customers for the quantity of capacity to be purchased in a given RPM auction.

Solution package proposes to create a new Expedited Interconnection Track for sponsored generation.

- This proposal would be standalone outside of the PJM Cycle Process and operate in parallel
 - It is important to note that any parallel process will impact the Cycle Process. The goal is to have a minimal impact. Transition Cycles will not be affected
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| <ul style="list-style-type: none">• Sponsorship could include government support (relevant state commission) for the generation submitted• Expected timeframe is 10 months from application | <ul style="list-style-type: none">• Expedited timing allows shovel ready resources to execute GIAs sooner and allow an earlier path towards construction and network upgrade certainty. |
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Expedited Interconnection Track (EIT): Eligibility & Application Requirements

Capacity Resource status must be requested with the application along with Capacity Interconnection Rights relevant to the fuel type being interconnected.

Commercial Operation must be achieved within three years of the application submission. Output to the grid may still be limited based on completion of any network upgrades required.

- **Point of Interconnection (POI)** – must be interconnecting to the transmission system in the relevant state supporting the project.
- **MW Requirements** – Requests must be for large scale generation greater than 500 MW
- **State Agreement Approach** – complements SAA by allowing state sponsored projects to line up with transmission funded
- **Resource Fuel Type** – all fuel types eligible, including storage

Any Generation Interconnection request that does not meet the eligibility criteria for the Expedited Interconnection Procedures can submit an application for the Cycle Process

EIT applications:

1. Can be submitted to PJM at any time. There are no defined EIT application windows.
2. Are prioritized serially, in the order each application is received by PJM.
3. Large nonrefundable study deposit (> \$500,000) and readiness deposit (\$10k/MW)
4. Applications are capped annually at 10 projects.
5. Must provide 3 full years of site control for 100% of generating site & interconnection facilities at time of application

After the Application Phase:

- Absolutely no site control changes or other project changes such as Fuel Type, MW size, equipment type, etc.
- Changes post-GIA execution will follow the existing Necessary Study process.

Cost Allocation – EIT resource is responsible for 100% of all identified required network upgrades. No cost sharing with other EIT projects or Cycle projects.

Cost Estimates – costs for mitigations will be planning estimate level only.

Generator Interconnection Agreement Requirements for EIT requests:

- Similar to GIAs issued to interconnection requests in the Cycle Process
- Commercial Operation no more than 3 years from the date of EIT application. Milestone dates eligible for extensions according to existing procedures.

- PJM has heard feedback both as part of and outside of the CIFP discussions that a longer term price lock may be necessary to secure additional supply
- Attachment DD of the PJM Tariff contains provisions for a “reliability backstop” auction that would potentially procure new resources for longer terms
- Triggering the reliability backstop provisions requires clearing short of the Reliability Requirement in the Base Residual Auction for three consecutive Delivery Years which has obvious reliability implications
- Given the confluence of conditions in which we find our region (and nation) PJM believes it would be beneficial to discuss alternatives for procuring new resources on a longer-term basis and is seeking stakeholder feedback
- This could be discussed as part of the CIFP or on a separate track from the CIFP specific to large load additions

Summary: PJM CFP Proposal proposed changes

Load Forecast

Include an additional step for state commission opportunity to review and provide feedback on large load adjustments prior to finalizing and issuing the load forecast.

Load Analysis Subcommittee (LAS):

Existing: Review for large load adjustment submitter to demonstrate minimum financial assurance before accepting addition.

New: Add as part of the Large Load Adjustment annual submissions, submitters shall inquire with their subject customers, and indicate to PJM accordingly, whether any load interconnection requests they've received are duplicative with other such requests made to interconnect large load either within or outside of the PJM region such that only a subset of such requests are expected to actually achieve commercial operation. If so, the submitters are required to provide the amount of MW that are duplicative that are included in their submission. This will be added to the annual submission template.

PJM also suggests consideration of a potential additional component that requires for minimum financial security from large load customers for the quantity of capacity to be purchased in a given RPM auction.

NCBL

Remove mandatory assignment and utilize the exiting or modified DR products instead of the NCBL concept.

Voluntary NCBL is closely equivalent to Price Response Demand (PRD) and Demand Response.

- PJM proposes to modify PRD to eliminate dynamic retail rate requirement and replace with an energy market offer price, making Voluntary NCBL and PRD similar.

Removal of mandatory NCBL eliminates the need for an exception process if a load provides incremental BYOG or DR.

Voluntary participation in PRD or DR provides opportunity for customers to determine willingness to pay for capacity through RPM.

Interconnection

New expedited interconnection procedures for sponsored generation.

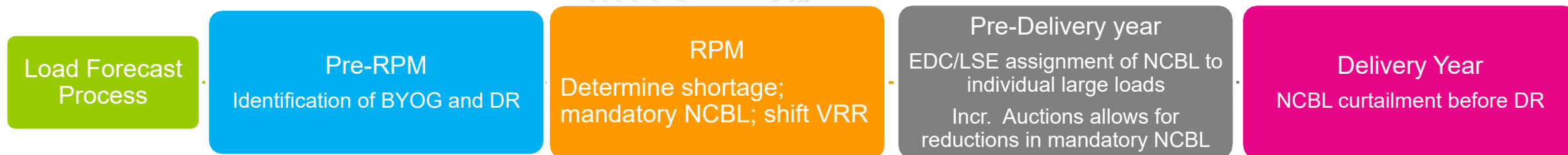
- This proposal would be standalone outside of the PJM Cycle Process and operate in parallel.
- The goal is to have a minimal impact on the existing Cycle Process.
- Limited in volume and strict entry requirements.

Provisional Interconnection Service part of Planning Committee initiative

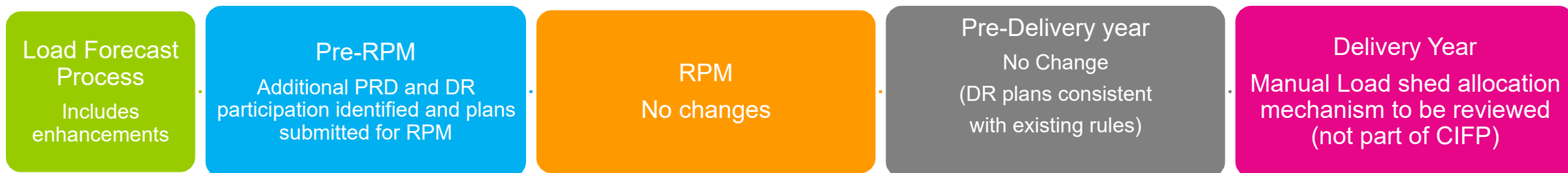
Transparency enhancements remain part of PJM proposal

Process for Original and Proposed Changes

Original Proposal



Updated proposal



	Voluntary NCBL concept	DR	PRD (with proposed changes in Red)	PSA
Participant	TO/EDC/LSE	Any PJM member	Any PJM member	LSE
Timing	TBD	Submit plan 30 days before auction	Prior to Planning parameters (~4 month before auction)	Submit plan prior to load forecast (Sep. prior to DY)
Eligibility	Large loads included in load forecast load adjustment process	All retail load and muni NRBTMG subject to RERRA requirements	All retail load and muni NRBTMG subject to RERRA requirements Served under a dynamic retail rate structure.	All retail load and muni NRBTMG subject to RERRA requirements
Auction	Shift VRR curve	Offer by LDA and clear as supply resource against actual LDA RR	Shift in VRR curve	Adjust load forecast used to determine RR, ELCC, CETO, CETL
Trigger	PJM to “notify” when to deploy. Provider required to electrically reduce load through distribution system (“flip the breaker”)	CSP required to work with customer to reduce load (can be manual process). PJM dispatch Energy market strike price	Provider required to work with customer to reduce load through “supervisory control” (semi-automated) when LMP> retail offer price. No PJM dispatch. Energy market strike price is offer price	Provider required to work with customer to reduce load based on actual hourly weather trigger (must forecast when they need to respond)
Event Penalty	FERC/NERC referral and any associated penalty	If PAI then PAI penalty, otherwise potential FERC OE referral	If PAI then PAI penalty, otherwise potential FERC OE referral	Nonperformance results in reduction recognized in future
Transmission Planning	Load included	Load included	Load included	Load excluded